

SENATE BILL No. 327

March 20, 2003, Introduced by Senator CHERRY 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, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0
Full-time equated classified positions	4,666.2
Average population	995.0
GROSS APPROPRIATION.....	\$ 9,117,346,900
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	69,204,800
ADJUSTED GROSS APPROPRIATION	\$ 9,048,142,100
Federal revenues:	
Total federal revenues	4,890,865,600
Special revenue funds:	
Total local revenues	806,552,500
Total private revenues	59,458,000
Total other state restricted revenues	707,327,400
State general fund/general purpose	\$ 2,583,938,600
Sec. 102. DEPARTMENTWIDE ADMINISTRATION	
Full-time equated unclassified positions.....	6.0
Full-time equated classified positions	343.5
Director and other unclassified--	6.0 FTE

1	positions	\$	581,500
2	Community health advisory council		28,900
3	Departmental administration and management--319.7		
4	FTE positions		23,695,400
5	Certificate of need program administration--13.0		
6	FTE positions		944,800
7	Worker's compensation program		11,381,100
8	Rent and building occupancy		8,300,100
9	Developmental disabilities council and		
10	projects--9.0 FTE positions		2,743,600
11	Rural health services		1,377,900
12	Michigan essential health care provider program		1,391,700
13	Primary care services--1.8 FTE positions		<u>2,790,100</u>
14	GROSS APPROPRIATION	\$	53,235,100
15	Appropriated from:		
16	Interdepartmental grant revenues:		
17	Interdepartmental grant from the department of treasury,		
18	Michigan state hospital finance authority		101,600
19	Federal revenues:		
20	Total federal revenues		15,911,000
21	Special revenue funds:		
22	Total private revenues		185,900
23	Total other state restricted revenues		1,580,000
24	State general fund/general purpose	\$	35,456,600
25	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES		
26	ADMINISTRATION AND SPECIAL PROJECTS		
27	Full-time equated classified positions.....102.5		

1	Mental health/substance abuse program		
2	administration--102.5 FTE positions	\$	9,135,900
3	Consumer involvement program.....		189,100
4	Gambling addiction		3,500,000
5	Protection and advocacy services support		777,400
6	Mental health initiatives for older persons		1,349,200
7	Community residential and support services		3,838,200
8	Highway safety projects		1,837,200
9	Federal and other special projects		<u>1,977,200</u>
10	GROSS APPROPRIATION	\$	22,604,200
11	Appropriated from:		
12	Federal revenues:		
13	Total federal revenues		6,169,100
14	Special revenue funds:		
15	Total private revenues		190,000
16	Total other state restricted revenues		3,682,300
17	State general fund/general purpose	\$	12,562,800
18	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE		
19	SERVICES PROGRAMS		
20	Full-time equated classified positions.....	2.0	
21	Medicaid mental health services	\$	1,433,326,600
22	Community mental health non-medicaid services		287,147,600
23	Medicaid adult benefits waiver.....		40,000,000
24	Multicultural services		3,163,800
25	Medicaid substance abuse services		27,333,700
26	CMHSP, purchase of state services contracts		98,412,200
27	Civil service charges		2,065,500

1	Federal mental health block grant--2.0 FTE positions ..	15,317,400
2	State disability assistance program substance abuse	
3	services	2,509,800
4	Community substance abuse prevention, education and	
5	treatment programs	<u>80,548,400</u>
6	GROSS APPROPRIATION	\$ 1,989,825,000
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues	920,541,900
10	Special revenue funds:	
11	Total local revenues.....	26,000,000
12	Total other state restricted revenues	3,042,400
13	State general fund/general purpose	\$ 1,040,240,700
14	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR	
15	PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND	
16	PRISON MENTAL HEALTH SERVICES	
17	Total average population	995.0
18	Full-time equated classified positions	3,261.9
19	Caro regional mental health center-psychiatric	
20	hospital-adult--472.8 FTE positions	\$ 36,376,400
21	Average population	208.0
22	Kalamazoo psychiatric hospital-adult--316.2 FTE	
23	positions	20,568,200
24	Average population	129.0
25	Walter P. Reuther psychiatric hospital-adult--552.2	
26	FTE positions	38,718,800
27	Average population	172.0

1	Hawthorn center-psychiatric hospital-children	
2	and adolescents--201.6 FTE positions	20,370,500
3	Average population	94.0
4	Mount Pleasant center-developmental disabilities--	
5	425.5 FTE positions	29,107,100
6	Average population	164.0
7	Center for forensic psychiatry--472.6 FTE positions ...	41,785,400
8	Average population 228.0	
9	Forensic mental health services provided to the	
10	department of corrections--810.0 FTE positions	68,120,600
11	Revenue recapture	750,000
12	IDEA, federal special education	120,000
13	Special maintenance and equipment	335,300
14	Purchase of medical services for residents of	
15	hospitals and centers	1,358,200
16	Closed site, transition, and related costs--11.0	
17	FTE positions	1,067,200
18	Severance pay	216,900
19	Gifts and bequests for patient living and	
20	treatment environment	<u>500,000</u>
21	GROSS APPROPRIATION	\$ 259,394,600
22	Appropriated from:	
23	Interdepartmental grant revenues:	
24	Interdepartmental grant from the department of	
25	corrections	68,120,600
26	Federal revenues:	
27	Total federal revenues	28,708,500

1	Special revenue funds:	
2	CMHSP, purchase of state services contracts	98,412,200
3	Other local revenues	15,228,300
4	Total private revenues	500,000
5	Total other state restricted revenues	7,034,600
6	State general fund/general purpose	\$ 41,390,400
7	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
8	Full-time equated classified positions.....	81.3
9	Executive administration--12.0 FTE positions.....	\$ 1,014,300
10	Minority health grants and contracts	650,000
11	Vital records and health statistics--69.3 FTE	
12	positions	<u>6,141,700</u>
13	GROSS APPROPRIATION	\$ 7,806,000
14	Appropriated from:	
15	Interdepartmental grant revenues:	
16	Interdepartmental grant from family independence	
17	agency	447,800
18	Federal revenues:	
19	Total federal revenues	2,045,100
20	Special revenue funds:	
21	Total other state restricted revenues	2,963,400
22	State general fund/general purpose	\$ 2,349,700
23	Sec. 107. INFECTIOUS DISEASE CONTROL	
24	Full-time equated classified positions	44.3
25	AIDS prevention, testing, and care programs--9.8 FTE	
26	positions	\$ 29,158,600
27	Immunization local agreements	13,990,300

1	Immunization program management and field	
2	support--7.7 FTE positions	1,582,100
3	Sexually transmitted disease control local	
4	agreements	3,479,900
5	and field support--26.8 FTE positions	<u>3,392,100</u>
6	GROSS APPROPRIATION	\$ 51,603,000
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues	37,593,000
10	Special revenue funds:	
11	Total private revenues	1,847,000
12	Total other state restricted revenues	7,550,000
13	State general fund/general purpose	\$ 4,613,000
14	Sec. 108. LABORATORY SERVICES	
15	Full-time equated classified positions115.2	
16	Laboratory services--115.2 FTE positions	<u>\$ 12,091,600</u>
17	GROSS APPROPRIATION	\$ 12,091,600
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from environmental quality	392,100
21	Federal revenues:	
22	Total federal revenues	2,040,100
23	Special revenue funds:	
24	Total other state restricted revenues	3,131,300
25	State general fund/general purpose	\$ 6,528,100
26	Sec. 109. EPIDEMIOLOGY	
27	Full-time equated classified positions98.0	

1	AIDS surveillance and prevention program--7.0 FTE		
2	positions	\$	1,883,100
3	Asthma prevention and control		1,032,300
4	Bioterrorism preparedness--59.5 FTE positions		34,157,700
5	Epidemiology administration--31.5 FTE positions		6,071,100
6	Tuberculosis control and recalcitrant AIDS program		<u>867,000</u>
7	GROSS APPROPRIATION	\$	44,011,200
8	Appropriated from:		
9	Federal revenues:		
10	Total federal revenues		41,892,800
11	Special revenue funds:		
12	Total other state restricted revenues		179,000
13	State general fund/general purpose	\$	1,939,400
14	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS		
15	Full-time equated classified positions3.0		
16	Implementation of 1993 PA 133, MCL 333.17015	\$	100,000
17	Lead abatement program--3.0 FTE positions		1,550,200
18	Local health services		220,000
19	Local public health operations		40,618,400
20	Medical services cost reimbursement to local		
21	health departments		<u>1,800,000</u>
22	GROSS APPROPRIATION	\$	44,288,600
23	Appropriated from:		
24	Federal revenues:		
25	Total federal revenues		3,249,100
26	Special revenue funds:		
27	Total other state restricted revenues		344,600

1	State general fund/general purpose	\$	40,694,900
2	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND		
3	HEALTH PROMOTION		
4	Full-time equated classified positions	30.7	
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--13.6		
9	FTE positions		11,043,100
10	Chronic disease prevention		1,572,400
11	Diabetes and kidney program--8.0 FTE positions		2,953,900
12	Health education, promotion, and research		
13	programs--2.9 FTE positions		992,100
14	Injury control intervention project		714,900
15	Obesity program		196,700
16	Public health traffic safety coordination		350,000
17	Smoking prevention program--6.2 FTE positions		4,852,700
18	Tobacco tax collection and enforcement		810,000
19	Violence prevention		<u>1,446,900</u>
20	GROSS APPROPRIATION	\$	26,948,700
21	Appropriated from:		
22	Federal revenues:		
23	Total federal revenues		15,493,200
24	Special revenue funds:		
25	Total other state restricted revenues		9,891,800
26	State general fund/general purpose	\$	1,563,700
27	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES		

1	Full-time equated classified positions	84.0	
2	Childhood lead program--5.0 FTE positions		\$ 1,470,700
3	Children's waiver home care program		19,549,800
4	Community living, children, and families		
5	administration--68.5 FTE positions		7,074,100
6	Dental programs		485,400
7	Dental program for persons with developmental		
8	disabilities		151,000
9	Family planning local agreements		11,318,100
10	Family support subsidy		15,593,500
11	Housing and support services--1.0 FTE positions		5,579,300
12	Local MCH services		13,050,200
13	Migrant health care		200,000
14	Newborn screening follow-up and treatment services		2,428,000
15	Omnibus budget reconciliation act		
16	implementation--9.0 FTE positions		12,770,500
17	Pediatric AIDS prevention and control		1,026,300
18	Pregnancy prevention program		5,846,100
19	Prenatal care outreach and service delivery support ...		3,049,300
20	Southwest community partnership		996,700
21	Special projects--0.5 FTE positions		5,274,500
22	Sudden infant death syndrome program		<u>221,300</u>
23	GROSS APPROPRIATION		\$ 106,084,800
24	Appropriated from:		
25	Federal revenues:		
26	Total federal revenues		75,704,200
27	Special revenue funds:		

1	Total private revenues	261,100
2	Total other state restricted revenues	10,540,000
3	State general fund/general purpose	\$ 19,579,500
4	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
5	PROGRAMS	
6	Full-time equated classified positions	42.0
7	Women, infants, and children program administration	
8	and special projects--42.0 FTE positions	\$ 5,600,100
9	Women, infants, and children program local agreements	
10	and food costs	<u>181,392,100</u>
11	GROSS APPROPRIATION	\$ 186,992,200
12	Appropriated from:	
13	Federal revenues:	
14	Total federal revenues	136,644,900
15	Special revenue funds:	
16	Total private revenues	50,347,300
17	State general fund/general purpose	\$ 0
18	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
19	Full-time equated classified positions	66.6
20	Children's special health care services administration--66.6	
21	FTE positions	\$ 4,478,800
22	Amputee program	184,600
23	Bequests for care and services	1,829,600
24	Case management services	3,773,500
25	Conveyor contract	513,500
26	Medical care and treatment	<u>156,247,200</u>
27	Appropriated from:	

1	Federal revenues:	
2	Total federal revenues	79,815,600
3	Special revenue funds:	
4	Total private revenues	1,000,000
5	Total other state restricted revenues	650,000
6	State general fund/general purpose	\$ 85,561,600
7	Sec. 115. OFFICE OF DRUG CONTROL POLICY	
8	Full-time equated classified positions17.0	
9	Drug control policy--17.0 FTE positions	\$ 1,973,400
10	Anti-drug abuse grants	26,859,200
11	IDG to Judiciary for drug treatment courts	<u>1,800,000</u>
12	GROSS APPROPRIATION	\$ 30,632,600
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues	30,246,600
16	State general fund/general purpose	\$ 386,000
17	Sec. 116. CRIME VICTIM SERVICES COMMISSION	
18	Full-time equated classified positions.....9.0	
19	Grants administration services--9.0 FTE positions	\$ 1,080,500
20	Justice assistance grants	13,000,000
21	Crime victim rights services grants	<u>8,265,300</u>
22	GROSS APPROPRIATION	\$ 22,345,800
23	Appropriated from:	
24	Federal revenues:	
25	Total federal revenues	13,946,900
26	Special revenue funds:	
27	Total other state restricted revenues	7,984,400

1	State general fund/general purpose	\$	414,500
2	Sec. 117. OFFICE OF SERVICES TO THE AGING		
3	Full-time equated classified positions	31.5	
4	Commission (per diem \$50.00)	\$	10,500
5	Office of services to aging administration--	31.5	
6	FTE positions		4,167,800
7	Community services		35,286,100
8	Nutrition services		38,191,200
9	Senior volunteer services		5,645,900
10	Senior citizen centers staffing and equipment		1,068,700
11	Employment assistance		2,818,300
12	Respite care program		<u>7,100,000</u>
13	GROSS APPROPRIATION	\$	94,288,500
14	Appropriated from:		
15	Federal revenues:		
16	Total federal revenues		52,094,300
17	Special revenue funds:		
18	Tobacco settlement revenue		5,000,000
19	Total other state restricted revenues		2,267,000
20	State general fund/general purpose	\$	34,927,200
21	Sec. 118. MEDICAL SERVICES ADMINISTRATION		
22	Full-time equated classified positions	333.7	
23	Medical services administration--333.7 FTE positions ..	\$	39,319,900
24	Facility inspection contract - state police		132,800
25	MIChild administration		<u>4,327,800</u>
26	GROSS APPROPRIATION	\$	43,780,500
27	Appropriated from:		

1	Federal revenues:	
2	Total federal revenues	29,512,300
3	Special revenue funds:	
4	State general fund/general purpose	\$ 14,268,200
5	Sec. 119. MEDICAL SERVICES	
6	Hospital services and therapy	\$ 831,709,400
7	Hospital disproportionate share payments	45,000,000
8	Physician services	207,735,800
9	Medicare premium payments	166,046,600
10	Pharmaceutical services	479,705,800
11	Home health services	28,887,900
12	Transportation	8,918,200
13	Auxiliary medical services	73,676,800
14	Long-term care services	1,490,390,400
15	Elder prescription insurance coverage	68,011,800
16	Health plan services.....	1,437,028,400
17	MICHild program	36,875,600
18	Maternal and child health	9,234,500
19	Social services to the physically disabled	1,344,900
20	Medicaid adult benefits waiver.....	178,707,600
21	Subtotal basic medical services program	5,063,273,700
22	School-based services	69,159,500
23	Special adjustor payments	791,338,100
24	Subtotal special medical services payments	<u>860,497,600</u>
25	GROSS APPROPRIATION	\$ 5,923,771,300
26	Appropriated from:	
27	Federal revenues:	

1	Total federal revenues	3,381,952,800
2	Special revenue funds:	
3	Total local revenues	666,912,000
4	Total private revenues	5,126,700
5	Tobacco settlement revenue	192,316,000
6	Total other state restricted revenues	447,376,800
7	State general fund/general purpose	\$ 1,230,087,000
8	Sec. 120. INFORMATION TECHNOLOGY	
9	Information technology services and projects	\$ 30,616,000
10	GROSS APPROPRIATION	\$ 30,616,000
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	IDG from the department of corrections	142,700
14	Federal revenues:	
15	Total federal revenues	17,304,200
16	Special revenue funds:	
17	Total other state restricted revenues	1,793,800
18	State general fund/general purpose	\$ 11,375,300

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

22 Sec. 201. Pursuant to section 30 of article IX of the state
 23 constitution of 1963, total state spending from state resources under
 24 part 1 for fiscal year 2003-2004 is \$3,291,266,000.00 and state
 25 spending from state resources to be paid to units of local government
 26 for fiscal year 2003-2004 is \$1,187,922,600.00. The itemized statement
 27 below identifies appropriations from which spending to units of local

1	government will occur:	
2	<u>DEPARTMENT OF COMMUNITY HEALTH</u>	
3	DEPARTMENTWIDE ADMINISTRATION	
4	Departmental administration and management	\$ 11,657,700
5	Rural health services.....	35,000
6	MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL	
7	PROJECTS.....Mental health initiatives for older persons	
8	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
9	State disability assistance program substance abuse	
10	services	2,509,800
11	Community substance abuse prevention, education, and	
12	treatment programs	19,133,500
13	Medicaid mental health services	764,074,800
14	Community mental health non-Medicaid services	287,147,600
15	Multicultural services	3,163,800
16	Medicaid substance abuse services	12,179,700
17	INFECTIOUS DISEASE CONTROL	
18	AIDS prevention, testing and care programs	1,466,800
19	Immunization local agreements	2,973,900
20	Sexually transmitted disease control local agreements .	406,100
21	LOCAL HEALTH ADMINISTRATION AND GRANTS	
22	Local public health operations	40,618,400
23	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
24	Smoking prevention program.....	1,898,400
25	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
26	Childhood lead program	85,000
27	Family planning local agreements	1,142,200

1	Local MCH services	246,100
2	Omnibus budget reconciliation act implementation	2,030,800
3	Prenatal care outreach and service delivery support ...	610,000
4	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
5	Case management services	3,169,900
6	MEDICAL SERVICES	
7	Transportation	1,175,300
8	OFFICE OF SERVICES TO THE AGING	
9	Community services	12,530,300
10	Nutrition services	12,439,500
11	Senior volunteer services	517,500
12	CRIME VICTIM SERVICES COMMISSION	
13	Crime victim rights services grants	5,661,300
14	TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT	\$1,187,922,600
15	Sec. 202. The appropriations authorized under this bill are subject	
16	to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.	
17	Sec. 203. As used in this bill:	
18	(a) "AIDS" means acquired immunodeficiency syndrome.	
19	(b) "CMHSP" means a community mental health services program as	
20	that term is defined in section 100a of the mental health code, 1974 PA	
21	258, MCL 330.1100a.	
22	(c) "Disease management" means a comprehensive system that	
23	incorporates the patient, physician, and health plan into 1 system with	
24	the common goal of achieving desired outcomes for patients.	
25	(d) "Department" means the Michigan department of community	
26	health.	
27	(e) "DSH" means disproportionate share hospital.	

- 1 (f) "EPIC" means elder prescription insurance coverage program.
- 2 (g) "EPSDT" means early and periodic screening, diagnosis, and
3 treatment.
- 4 (h) "FTE" means full-time equated.
- 5 (i) "GME" means graduate medical education.
- 6 (j) "Health plan" means, at a minimum, an organization that meets
7 the criteria for delivering the comprehensive package of services under
8 the department's comprehensive health plan.
- 9 (k) "HMO" means health maintenance organization.
- 10 (l) "IDEA" means individual disability education act.
- 11 (m) "IDG" means interdepartmental grant.
- 12 (n) "MCH" means maternal and child health.
- 13 (o) "MICHild" means a state and federally funded health insurance
14 program for children under age 19, living in families with incomes up
15 to 200% of federal poverty level.
- 16 (p) "MSS/ISS" means maternal and infant support services.
- 17 (q) "Title XVIII" means title XVIII of the social security act,
18 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to
19 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to
20 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and
21 1395bbb to 1395ggg.
- 22 (r) "Title XIX" means title XIX of the social security act,
23 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to
24 1396v.
- 25 (s) "Title XX" means title XX of the social security act, chapter
26 531, 49 U.S.C. 1397 to 1397f.
- 27 (t) "WIC" means women, infants, and children supplemental

1 nutrition program.

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

7 Sec. 205. (1) A hiring freeze is imposed on the state classified
8 civil service. State departments and agencies are prohibited from
9 hiring any new state classified civil service employees and prohibited
10 from filling any vacant state classified civil service positions. This
11 hiring freeze does not apply to internal transfers of classified
12 employees from 1 position to another within a department.

13 (2) The state budget director shall grant exceptions to this
14 hiring freeze when the state budget director believes that the hiring
15 freeze will result in rendering a state department or agency unable to
16 deliver basic services, cause a loss of revenue to the state, result in
17 the inability of the state to receive federal funds, or necessitate
18 additional expenditures that exceed any savings from maintaining the
19 vacancy. The state budget director shall report quarterly to the
20 chairpersons of the senate and house of representatives standing
21 committees on appropriations the number of exceptions to the hiring
22 freeze approved during the previous quarter and the reasons to justify
23 the exception.

24 Sec. 206. Unless otherwise specified, the department shall use the
25 Internet to fulfill the reporting requirements of this bill. This
26 requirement may include transmission of reports via electronic mail to
27 the recipients identified for each reporting requirement, or it may

1 include placement of reports on an Internet or Intranet site.

2 Sec. 207. From the funds appropriated in part 1 for information
3 technology, the department shall pay user fees to the department of
4 information technology for technology-related services and projects.
5 Such user fees shall be subject to provisions of an interagency
6 agreement between the departments and agencies and the department of
7 information technology.

8 Sec. 208. Amounts appropriated in part 1 for information technology
9 may be designated as work projects and carried forward to support
10 department of community health projects under the direction of the
11 department of information technology. Funds designated in this manner
12 are not available for expenditure until approved as work projects under
13 section 451a of the management and budget act, 1984 PA 431, MCL
14 18.1451a.

15 Sec. 209. (1) In addition to the funds appropriated in part 1, there
16 is appropriated an amount not to exceed \$100,000,000.00 for federal
17 contingency funds. These funds are not available for expenditure until
18 they have been transferred to another line item in this bill under
19 section 393(2) of the management and budget act, 1984 PA 431, MCL
20 18.1393.

21 (2) In addition to the funds appropriated in part 1, there is
22 appropriated an amount not to exceed \$50,000,000.00 for state-
23 restricted contingency funds. These funds are not available for
24 expenditure until they have been transferred to another line item in
25 this bill under section 393(2) of the management and budget act, 1984
26 PA 431, MCL 18.1393.

27 (3) In addition to the funds appropriated in part 1, there is

1 appropriated an amount not to exceed \$50,000,000.00 for local
2 contingency funds. These funds are not available for expenditure until
3 they have been transferred to another line item in this bill under
4 section 393(2) of the management and budget act, 1984 PA 431, MCL
5 18.1393.

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

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

18 Sec. 212. (1) On or before February 1, 2004, the department shall
19 report to the house of representatives and senate appropriations
20 subcommittees on community health, the house and senate fiscal
21 agencies, and the state budget director on the detailed name and
22 amounts of federal, restricted, private, and local sources of revenue
23 that support the appropriations in each of the line items in part 1 of
24 this bill.

25 (2) Upon the release of the fiscal year 2004-2005 executive
26 budget recommendation, the department shall report to the same parties
27 in subsection (2) on the amounts and detailed sources of federal,

1 restricted, private, and local revenue proposed to support the total
2 funds appropriated in each of the line items in part 1 of the fiscal
3 year 2004-2005 executive budget proposal.

4 (3) The department shall provide to the same parties in
5 subsection (1) all revenue source detail for consolidated revenue line
6 item detail upon request to the department.

7 Sec. 213. The state departments, agencies, and commissions receiving
8 tobacco tax funds from part 1 shall report by January 1, 2004, to the
9 senate and house of representatives appropriations committees, the
10 senate and house fiscal agencies, and the state budget director on the
11 following:

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

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

16 (c) Eligibility criteria for program participation and maximum
17 benefit levels where applicable.

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

19 (e) Any other information considered necessary by the house of
20 representatives or senate appropriations committees or the state budget
21 director.

22 Sec. 214. The use of state-restricted tobacco tax revenue received
23 for the purpose of tobacco prevention, education, and reduction efforts
24 and deposited in the healthy Michigan fund shall not be used for
25 lobbying as defined in 1978 PA472, MCL 4.411 to 4.431.

26 Sec. 216. (1) In addition to funds appropriated in part 1 for all
27 programs and services, there is appropriated for write-offs of accounts

1 receivable, deferrals, and for prior year obligations in excess of
2 applicable prior year appropriations, an amount equal to total write-
3 offs and prior year obligations, but not to exceed amounts available in
4 prior year revenues.

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

9 Sec. 218. Basic health services for the purpose of part 23 of the
10 public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:
11 immunizations, communicable disease control, sexually transmitted
12 disease control, tuberculosis control, prevention of gonorrhea eye
13 infection in newborns, screening newborns for the 7 conditions listed
14 in section 5431(1)(a) through (g) of the public health code, 1978 PA
15 368, MCL 333.5431, community health annex of the Michigan emergency
16 management plan, and prenatal care.

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

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

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

4 (c) The expected project duration.

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

7 (2) If a report required under subsection (1) is not received by
8 the house of representatives and senate appropriations subcommittees on
9 community health, the house and senate fiscal agencies, and the state
10 budget director on or before the date specified for that report, the
11 disbursement of funds to the Michigan public health institute under
12 this section shall stop. The disbursement of those funds shall
13 recommence when the overdue report is received.

14 (3) On or before September 30, 2004, the department shall provide
15 to the same parties listed in subsection (1) a copy of all reports,
16 studies, and publications produced by the Michigan public health
17 institute, its subcontractors, or the department with the funds
18 appropriated in part 1 and allocated to the Michigan public health
19 institute.

20 Sec. 220. All contracts with the Michigan public health institute
21 funded with appropriations in part 1 shall include a requirement that
22 the Michigan public health institute submit to financial and
23 performance audits by the state auditor general of projects funded with
24 state appropriations.

25 Sec. 223. The department of community health may establish and
26 collect fees for publications, videos and related materials,
27 conferences, and workshops. Collected fees shall be used to offset

1 expenditures to pay for printing and mailing costs of the publications,
2 videos and related materials, and costs of the workshops and
3 conferences. The costs shall not exceed fees collected.

4 Sec. 224. (1) In addition to the amounts appropriated in part 1, in
5 order to encourage administrative efficiencies, there is appropriated
6 to the department of community health, an amount not to exceed one-half
7 of the unexpended, unreserved general fund portions of fiscal year
8 2002-2003 appropriations made to the department for salaries and wages
9 expenses, contractual services, supplies and materials expenses,
10 information technology expenses and program operations costs.

11 (2) The appropriations contained in subsection 1 are subject to
12 the approval of the state budget director and shall be spent for the
13 same purposes for which the original appropriation was made in fiscal
14 year 2002-2003.

15 **DEPARTMENTWIDE ADMINISTRATION**

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

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

25 Sec. 304. The funds appropriated in part 1 for the Michigan
26 essential health care provider program may also provide loan repayment
27 for dentists that fit the criteria established by part 27 of the public

1 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

2 **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAM**

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

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

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

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

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

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

1 services or supports.

2 (f) A system of continuous quality improvement.

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

5 (h) A system that serves at-risk and delinquent youth as required
6 under the provisions of the mental health code, 1974 PA 258, MCL
7 330.1001 to 330.2106.

8 Sec. 402. (1) From funds appropriated in part 1, final
9 authorizations to CMHSPs/specialty prepaid health plans shall be made
10 upon the execution of contracts between the department and
11 CMHSPs/specialty prepaid health plans. The contracts shall contain an
12 approved plan and budget as well as policies and procedures governing
13 the obligations and responsibilities of both parties to the contracts.
14 Each contract with a CMHSP/specialty prepaid health plan that the
15 department is authorized to enter into under this subsection shall
16 include a provision that the contract is not valid unless the total
17 dollar obligation for all of the contracts between the department and
18 the CMHSPs/specialty prepaid health plans entered into under this
19 subsection for fiscal year 2003-2004 does not exceed the amount of
20 money appropriated in part 1 for the contracts authorized under this
21 subsection.

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

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

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

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

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

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

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

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

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

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

1 administration. Service category shall include all department approved
2 services.

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

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

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

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

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

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

16 (g) The number of second opinions requested under the code and
17 the 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
24 CMHSPs/specialty prepaid health plans or contracted with directly by
25 the CMHSPs/specialty prepaid health plans as of September 30, 2003 and
26 an estimate of the number of FTEs employed through contracts with
27 provider organizations as of September 30, 2003.

1 (j) Lapses and carryforwards during fiscal year 2002-2003 for
2 CMHSPs/specialty prepaid health plans.

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

6 (l) 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/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
12 to the department in the contracts with CMHSPs/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/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
19 CMHSPs/specialty prepaid health plans.

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

27 (2) The department shall reimburse all licensed substance abuse

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

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

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

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

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

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

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

1 coordinating agencies.

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

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

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

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

25 Sec. 414. Medicaid substance abuse treatment services shall be
26 managed by selected CMHSPs/specialty prepaid health plans pursuant to
27 the centers for Medicare and Medicaid services' approval of Michigan's

1 1915(b) waiver request to implement a managed care plan for specialized
2 substance abuse services. The selected CMHSPs/specialty prepaid health
3 plans shall receive a capitated payment on a per eligible per month
4 basis to assure provision of medically necessary substance abuse
5 services to all beneficiaries who require those services. The selected
6 CMHSPs/specialty prepaid health plans shall be responsible for the
7 reimbursement of claims for specialized substance abuse services. The
8 CMHSPs/specialty prepaid health plans that are not coordinating
9 agencies may continue to contract with a coordinating agency. Any
10 alternative arrangement must be based on client service needs and have
11 prior approval from the department.

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

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

1 health professionals and facilities:

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

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

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

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

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

27 (2) The purpose of the pilot projects is to encourage the

1 placement of persons with mental illness in community residential
2 settings who may require any of the following:

3 (a) A secured and supervised living environment.

4 (b) Assistance in taking prescribed medications.

5 (c) Intensive case management services.

6 (d) Assertive community treatment team services.

7 (e) Alcohol or substance abuse treatment and counseling.

8 (f) Individual or group therapy.

9 (g) Day or partial day programming activities.

10 (h) Vocational, educational, or self-help training or activities.

11 (i) Other services prescribed to treat a person's mental illness
12 to prevent the need for hospitalization.

13 (3) The pilot projects described in this section shall be
14 completely voluntary.

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

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

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

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

10 The expected completion date for the use of gifts and bequests
11 donations is within 3 years unless otherwise stipulated by the donor.

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

19 Sec. 604. (1) The CMHSPs/specialty prepaid health plans shall
20 provide semiannual reports to the department on the following
21 information:

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

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

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

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

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

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

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

18 (3) Four months after the certification of closure required in
19 section 19(6) of the state employees' retirement act, 1943 PA 240, MCL
20 38.19, the department shall provide a closure plan to the house of
21 representatives and senate appropriations subcommittees on community
22 health.

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

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

10 **INFECTIOUS DISEASE CONTROL**

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

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

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

25 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

26 Sec. 901. The amount appropriated in part 1 for implementation of
27 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and

1 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
2 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
3 health departments for costs incurred related to implementation of
4 section 17015(15) of the public health code, 1978 PA 368, MCL
5 333.17015.

6 Sec. 902. If a county that has participated in a district health
7 department or an associated arrangement with other local health
8 departments takes action to cease to participate in such an arrangement
9 after October 1, 2003, the department shall have the authority to
10 assess a penalty from the local health department's operational
11 accounts in an amount equal to no more than 5% of the local health
12 department's local public health operations funding. This penalty
13 shall only be assessed to the local county that requests the
14 dissolution of the health department.

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

24 Sec. 904. (1) Funds appropriated in part 1 for local public health
25 operations shall be prospectively allocated to local health departments
26 to support immunizations, infectious disease control, sexually
27 transmitted disease control and prevention, hearing screening, vision

1 services, food protection, public water supply, private groundwater
2 supply, and on-site sewage management. Food protection shall be
3 provided in consultation with the Michigan department of agriculture.
4 Public water supply, private groundwater supply, and on-site sewage
5 management shall be provided in consultation with the Michigan
6 department of environmental quality.

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

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

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

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

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

23 Sec. 1002. (1) Provision of the school health education curriculum,
24 such as the Michigan model or another comprehensive school health
25 education curriculum, shall be in accordance with the health education
26 goals established by the Michigan model for the comprehensive school
27 health education state steering committee. The state steering

1 committee shall be comprised of a representative from each of the
2 following offices and departments:

3 (a) The department of education.

4 (b) The department of community health.

5 (c) The health administration in the department of community
6 health.

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

9 (e) The family independence agency.

10 (f) The department of state police.

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

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

25 Sec. 1006. In spending the funds appropriated in part 1 for the
26 smoking prevention program, priority shall be given to prevention and
27 smoking cessation programs for pregnant women, women with young

1 children, and adolescents.

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

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

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

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

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

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

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

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

27 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

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

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

15 (a) Funding allocations.

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

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

25 Sec. 1106. Each family planning program receiving federal title X
26 family planning funds shall be in compliance with all performance and
27 quality assurance indicators that the United States bureau of community
28 health services specifies in the family planning annual report. An

1 agency not in compliance with the indicators shall not receive
2 supplemental or reallocated funds.

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

8 (a) Teaches the gains to be realized by abstaining from sexual
9 activity.

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

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

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

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

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

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

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

25 (2) Coalitions, organizations, and programs that do not provide
26 contraceptives to minors and demonstrate efforts to include parental
27 involvement as a means of reducing the risk of teens becoming pregnant

1 shall be given priority in the allocations of funds.

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

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 prevention
10 programs shall not be used to provide abortion counseling, referrals,
11 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, 2003.

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 for prenatal care outreach
7 and service delivery support, the department shall allocate at least
8 \$1,000,000.00 to communities with high infant mortality rates.

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

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

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

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

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

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

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

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

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

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

8 **OFFICE OF DRUG CONTROL POLICY**

9 Sec. 1300. In addition to the \$1.8 million in Byrne Formula Grant
10 Program funding the department provides to local drug treatment courts,
11 the department shall provide \$1.8 million in Byrne Formula Grant
12 Program funding to the Judiciary by interdepartmental grant.

13 **OFFICE OF SERVICES TO THE AGING**

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

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

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

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

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

27 (d) Any other qualifications normally necessary for the recipient

1 to receive home delivered meals.

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

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

15 Sec. 1408. The office of services to the aging shall provide that
16 funds appropriated under this bill shall be awarded on a local level in
17 accordance with locally determined needs.

18 **MEDICAL SERVICES**

19 Sec. 1601. The cost of remedial services incurred by residents of
20 licensed adult foster care homes and licensed homes for the aged shall
21 be used in determining financial eligibility for the medically needy.
22 Remedial services include basic self-care and rehabilitation training
23 for a resident.

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

1 U.S.C. 1396a.

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

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

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

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

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

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

21 Sec. 1607. (1) An applicant for Medicaid, whose qualifying condition
22 is pregnancy, shall immediately be presumed to be eligible for Medicaid
23 coverage unless the preponderance of evidence in her application
24 indicates otherwise.

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

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

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

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

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

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

1 a nonenrolled provider to accept medical services payments as payment
2 in full.

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

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

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

17 (2) The department shall require a prescription copayment for
18 Medicaid recipients except as prohibited by federal or state law or
19 regulation.

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

26 (2) For products distributed by pharmaceutical manufacturers not
27 providing quarterly rebates as listed in subsection (1), the department

1 may require preauthorization.

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

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

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

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

24 (2) Persons to be assigned a managed care provider shall be
25 informed in writing of the criteria for exceptions to capitated managed
26 care enrollment, their right to change HMOs for any reason within the
27 initial 90 days of enrollment, the toll-free telephone number for

1 problems and complaints, and information regarding grievance and
2 appeals rights.

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

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

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

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

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

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

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

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

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

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

19 Sec. 1659. The following sections are the only ones that shall apply
20 to the following Medicaid managed care programs, including the
21 comprehensive plan, children's special health care services plan, MI
22 Choice long-term care plan, and the mental health, substance abuse, and
23 developmentally disabled services program: 402, 404, 414, 418, 424,
24 1650, 1655, 1656, 1657, 1660, 1661, 1662, 1699, and 1704.

25 Sec. 1660. (1) The department shall assure that all Medicaid
26 children have timely access to EPSDT services as required by federal
27 law. Medicaid HMOs shall provide EPSDT services to their child members

1 in accordance with Medicaid EPSDT policy.

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

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

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

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

24 Sec. 1661. (1) The department shall assure that all Medicaid
25 eligible children and pregnant women have timely access to MSS/ISS
26 services. Medicaid HMOs shall assure that maternal support service
27 screening is available to their pregnant members and that those women

1 found to meet the maternal support service high-risk criteria are
2 offered maternal support services. Local health departments shall
3 assure that maternal support service screening is available for
4 Medicaid pregnant women not enrolled in an HMO and that those women
5 found to meet the maternal support service high-risk criteria are
6 offered maternal support services or are referred to a certified
7 maternal support service provider.

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

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

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

24 (3) The department shall work with the Michigan association of
25 health plans and the Michigan association for local public health to
26 improve service delivery and coordination in the MSS/ISS and EPSDT
27 programs.

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

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

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

22 (a) "Dental care corporation", "health care corporation",
23 "insurer", and "prudent purchaser agreement" mean those terms as
24 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
25 550.52.

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

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

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

9 Sec. 1671. From the funds appropriated in part 1, the department
10 shall continue a comprehensive approach to the marketing and outreach
11 of the MICHild program. The marketing and outreach required under this
12 section shall be coordinated with current outreach, information
13 dissemination, and marketing efforts and activities conducted by the
14 department.

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

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

25 Sec. 1674. The department shall not require copayments under the
26 MICHild program.

27 Sec. 1675. Children whose category of eligibility changes between

1 the Medicaid and MICHild programs shall be assured of keeping their
2 current health care providers through the current prescribed course of
3 treatment for up to 1 year, subject to periodic reviews by the
4 department if the beneficiary has a serious medical condition and is
5 undergoing active treatment for that condition.

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

10 Sec. 1682. (1) The department shall implement enforcement actions as
11 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 the
21 dignity and rights of terminally ill and chronically ill individuals.
22 Priority shall be given to programs, such as hospice, that focus on
23 individual dignity and quality of care provided persons with terminal
24 illness and programs serving persons with chronic illnesses that reduce
25 the rate of suicide through the advancement of the knowledge and use of
26 improved, appropriate pain management for these persons; and
27 initiatives that train health care practitioners and faculty in

1 managing pain, providing palliative care, and suicide prevention.

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

11 Sec. 1692. (1) The department of community health is authorized to
12 pursue reimbursement for eligible services provided in Michigan schools
13 from the federal Medicaid program. The department and the state budget
14 director are authorized to negotiate and enter into agreements,
15 together with the department of education, with local and intermediate
16 school districts regarding the sharing of federal Medicaid services
17 funds received for these services. The department is authorized to
18 receive and disburse funds to participating school districts pursuant
19 to such agreements and state and federal law.

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

23 (a) Finance activities within the medical services administration
24 related to this project.

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

1 (c) Offset general fund costs associated with the medical
2 services program.

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

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

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

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

25 Sec. 1700. The department is authorized to increase the Long-term
26 care services, Hospital services and therapy, Pharmaceutical services,
27 and Health plan services appropriations to the extent that Quality

- 1 Assurance Assessment Program revenues are available to finance provider
- 2 rate increases.