

**SUBSTITUTE FOR
SENATE BILL NO. 267**

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, 2006; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

Sec. 101. Subject to the conditions set forth in this act, the

Senate Bill No. 267 as amended June 14, 2005

amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2006, 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..... 4,695.1

Average population 1,135.0

GROSS APPROPRIATION <<\$10,011,634,500>>

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 34,485,400

ADJUSTED GROSS APPROPRIATION. <<\$9,977,149,100>>

Federal revenues:

Total federal revenues. <<5,310,618,600>>

Special revenue funds:

Total local revenues..... 235,280,800

Total private revenues..... 59,073,800

Merit award trust fund..... 50,300,000

Tobacco settlement trust fund..... 72,000,000

Total other state restricted revenues. <<1,383,527,200>>

State general fund/general purpose. \$<<2,866,348,700>>

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

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

Full-time equated classified positions..... 220.0

Director and other unclassified--6.0 FTE positions... \$ 581,500

1	Community health advisory council.....	8,000
2	Departmental administration and management--210.0	
3	FTE positions	21,899,800
4	Worker's compensation program.....	8,558,700
5	Rent and building occupancy.....	8,259,300
6	Developmental disabilities council and	
7	projects--10.0 FTE positions	<u>2,679,800</u>
8	GROSS APPROPRIATION.....	\$ 41,987,100
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues.....	11,518,800
12	Special revenue funds:	
13	Total private revenues.....	35,900
14	Total other state restricted revenues.....	2,978,200
15	State general fund/general purpose.....	\$ 27,454,200
16	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
17	ADMINISTRATION AND SPECIAL PROJECTS	
18	Full-time equated classified positions..... 112.0	
19	Mental health/substance abuse program	
20	administration--111.0 FTE positions.....	\$ 12,590,600
21	Consumer involvement program.....	189,100
22	Gambling addiction.....	3,500,000
23	Protection and advocacy services support	746,400
24	Mental health initiatives for older persons	1,049,200
25	Community residential and support services	2,971,200
26	Highway safety projects.....	750,000
27	Federal and other special projects	3,895,400

1	Family support subsidy.....	17,935,000
2	Housing and support services.....	<u>7,237,200</u>
3	GROSS APPROPRIATION.....	\$ 50,864,100
4	Federal revenues:	
5	Total federal revenues.....	32,310,500
6	Special revenue funds:	
7	Total private revenues.....	190,000
8	Total other state restricted revenues.....	4,127,900
9	State general fund/general purpose.....	\$ 14,235,700
10	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
11	SERVICES PROGRAMS	
12	Full-time equated classified positions.....	9.5
13	Medicaid mental health services.	<\$1,569,659,500>>
14	Community mental health non-Medicaid services.....	<<292,598,200>>
15	Medicaid adult benefits waiver.....	40,000,000
16	Multicultural services.....	3,663,800
17	Medicaid substance abuse services.....	33,321,400
18	Respite services.....	1,000,000
19	CMHSP, purchase of state services contracts.....	129,483,700
20	Civil service charges.....	1,765,500
21	Federal mental health block grant--2.5 FTE positions .	15,345,200
22	State disability assistance program substance abuse	
23	services	2,509,800
24	Community substance abuse prevention, education and	
25	treatment programs	85,219,100
26	Children's waiver home care program.....	19,549,800
27	Omnibus reconciliation act implementation--7.0 FTE	

1	positions	<u>13,466,200</u>
2	GROSS APPROPRIATION.....	\$ 2,207,582,200
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues.....	1,037,401,100
6	Special revenue funds:	
7	Total local revenues.....	26,072,100
8	Total other state restricted revenues.....	90,533,900
9	State general fund/general purpose.....	\$ 1,053,575,100
10	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR	
11	PERSONS WITH DEVELOPMENTAL DISABILITIES, AND	
12	FORENSIC AND PRISON MENTAL HEALTH SERVICES	
13	Total average population	1,135.0
14	Full-time equated classified positions.....	2,976.2
15	Caro regional mental health center-psychiatric	
16	hospital-adult--475.7 FTE positions.....	\$ 41,042,600
17	Average population	205.0
18	Kalamazoo psychiatric hospital-adult--518.1 FTE	
19	positions	41,925,900
20	Average population	200.0
21	Walter P. Reuther psychiatric hospital-adult--444.6	
22	FTE positions	41,123,100
23	Average population	240.0
24	Hawthorn center-psychiatric hospital-children and	
25	adolescents--224.4 FTE positions.....	20,542,300
26	Average population	66.0
27	Mount Pleasant center-developmental	

1	disabilities--496.0 FTE positions.....	39,558,100
2	Average population 199.0	
3	Center for forensic psychiatry--493.0 FTE positions ..	47,418,400
4	Average population 225.0	
5	Forensic mental health services provided to the	
6	department of corrections--313.4 FTE positions.....	33,240,200
7	Revenue recapture.....	750,000
8	IDEA, federal special education.....	120,000
9	Special maintenance and equipment.....	335,300
10	Purchase of medical services for residents of	
11	hospitals and centers	2,045,600
12	Closed site, transition, and related costs--11.0 FTE	
13	positions	641,400
14	Severance pay.....	216,900
15	Gifts and bequests for patient living and treatment	
16	environment	<u>1,000,000</u>
17	GROSS APPROPRIATION.....	\$ 269,959,800
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from the department of	
21	corrections	33,240,200
22	Federal revenues:	
23	Total federal revenues.....	34,070,500
24	Special revenue funds:	
25	CMHSP, purchase of state services contracts.....	129,483,700
26	Other local revenues.....	15,146,200
27	Total private revenues.....	1,000,000

1	Total other state restricted revenues	10,157,100
2	State general fund/general purpose	\$ 46,862,100
3	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
4	Full-time equated classified positions.....	83.4
5	Public health administration--11.0 FTE positions	\$ 1,729,000
6	Minority health grants and contracts	650,000
7	Vital records and health statistics--72.4 FTE	
8	positions	<u>7,458,800</u>
9	GROSS APPROPRIATION	\$ 9,837,800
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	Interdepartmental grant from family independence	
13	agency	710,500
14	Federal revenues:	
15	Total federal revenues	2,765,100
16	Special revenue funds:	
17	Total other state restricted revenues	4,864,600
18	State general fund/general purpose	\$ 1,497,600
19	Sec. 107. HEALTH POLICY, REGULATION, AND	
20	PROFESSIONS	
21	Full-time equated classified positions.....	396.2
22	Health systems administration--193.6 FTE positions ...	\$ 20,828,100
23	Emergency medical services program--5.5 FTE positions	2,041,200
24	Radiological health administration--25.0 FTE positions	2,372,100
25	Substance abuse program administration--4.0 FTE	
26	positions	433,400
27	Health professions--123.0 FTE positions	13,030,400

1	Health policy, regulation, and professions	
2	administration--25.7 FTE positions.....	2,571,700
3	Nurse scholarship, education, and research	
4	program--3.0 FTE positions	823,100
5	Certificate of need program administration--14.0 FTE	
6	positions	1,683,400
7	Rural health services--1.0 FTE positions.....	1,377,900
8	Michigan essential health provider.....	1,391,700
9	Primary care services--1.4 FTE positions.....	<u>2,296,000</u>
10	GROSS APPROPRIATION.....	\$ 48,849,000
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Interdepartmental grant from the department of	
14	treasury, Michigan state hospital finance authority.	113,900
15	Federal revenues:	
16	Total federal revenues.....	19,614,400
17	Special revenue funds:	
18	Total private revenues.....	150,000
19	Total other state restricted revenues.....	21,581,900
20	State general fund/general purpose.....	\$ 7,388,800
21	Sec. 108. INFECTIOUS DISEASE CONTROL	
22	Full-time equated classified positions..... 49.0	
23	AIDS prevention, testing, and care programs--12.0	
24	FTE positions	\$ 31,502,000
25	Immunization local agreements.....	14,010,300
26	Immunization program management and field	
27	support--15.0 FTE positions	1,862,800

1	Sexually transmitted disease control local agreements	3,494,900
2	Sexually transmitted disease control management and	
3	field support--22.0 FTE positions.....	<u>3,563,300</u>
4	GROSS APPROPRIATION.....	\$ 54,433,300
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	38,623,300
8	Special revenue funds:	
9	Total private revenues.....	3,250,500
10	Total other state restricted revenues.....	8,441,400
11	State general fund/general purpose.....	\$ 4,118,100
12	Sec. 109. LABORATORY SERVICES	
13	Full-time equated classified positions.....	121.0
14	Bovine tuberculosis--2.0 FTE positions.....	\$ 500,000
15	Laboratory services--119.0 FTE positions.....	<u>15,376,900</u>
16	GROSS APPROPRIATION.....	\$ 15,876,900
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	Interdepartmental grant from environmental quality...	420,800
20	Federal revenues:	
21	Total federal revenues.....	3,058,000
22	Special revenue funds:	
23	Total other state restricted revenues.....	5,232,800
24	State general fund/general purpose.....	\$ 7,165,300
25	Sec. 110. EPIDEMIOLOGY	
26	Full-time equated classified positions.....	141.0
27	AIDS surveillance and prevention program.....	\$ 2,513,200

1	Asthma prevention and control--2.3 FTE positions	1,047,300
2	Bioterrorism preparedness--76.1 FTE positions	50,357,000
3	Epidemiology administration--54.6 FTE positions	10,221,800
4	Newborn screening follow-up and treatment	
5	services--8.0 FTE positions	3,586,200
6	Tuberculosis control and recalcitrant AIDS program ...	<u>867,000</u>
7	GROSS APPROPRIATION.....	\$ 68,592,500
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	62,712,600
11	Special revenue funds:	
12	Total private revenues.....	25,000
13	Total other state restricted revenues.....	3,774,700
14	State general fund/general purpose.....	\$ 2,080,200
15	Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS	
16	Full-time equated classified positions..... 7.0	
17	Implementation of 1993 PA 133, MCL 333.17015	\$ 100,000
18	Lead abatement program--7.0 FTE positions	1,783,100
19	Local health services.....	220,000
20	Local public health operations.....	38,043,400
21	Medical services cost reimbursement to local health	
22	departments	<u>3,110,000</u>
23	GROSS APPROPRIATION.....	\$ 43,256,500
24	Appropriated from:	
25	Federal revenues:	
26	Total federal revenues.....	4,645,500
27	Special revenue funds:	

1	Total other state restricted revenues	491,100
2	State general fund/general purpose	\$ 38,119,900
3	Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND	
4	HEALTH PROMOTION	
5	Full-time equated classified positions.....	51.5
6	African-American male health initiative	\$ 106,700
7	AIDS and risk reduction clearinghouse and media	
8	campaign	1,576,000
9	Alzheimer's information network	440,000
10	Cancer prevention and control program--14.3 FTE	
11	positions	13,310,900
12	Chronic disease prevention--1.0 FTE positions	3,202,500
13	Diabetes and kidney program--9.1 FTE positions	3,526,100
14	Health education, promotion, and research	
15	programs--9.3 FTE positions	1,082,900
16	Injury control intervention project--1.0 FTE positions	527,900
17	Michigan Parkinson's foundation	100,000
18	Morris Hood Wayne State University diabetes outreach .	200,000
19	Physical fitness, nutrition, and health	325,000
20	Public health traffic safety coordination--1.7 FTE	
21	positions	584,900
22	Smoking prevention program--13.1 FTE positions	5,026,600
23	Tobacco tax collection and enforcement	610,000
24	Violence prevention--2.0 FTE positions	<u>1,892,300</u>
25	GROSS APPROPRIATION	\$ 32,511,800
26	Appropriated from:	
27	Federal revenues:	

1	Total federal revenues.....	19,655,800
2	Special revenue funds:	
3	Total private revenues.....	85,000
4	Total other state restricted revenues.....	11,662,900
5	State general fund/general purpose.....	\$ 1,108,100
6	Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH	
7	SERVICES	
8	Full-time equated classified positions 45.4	
9	Childhood lead program--5.8 FTE positions.....	\$ 2,022,300
10	Dental programs.....	485,400
11	Dental program for persons with developmental	
12	disabilities	151,000
13	Early childhood collaborative secondary prevention...	524,000
14	Family, maternal, and children's health services	
15	administration--39.6 FTE positions.....	4,648,800
16	Family planning local agreements.....	12,270,300
17	Local MCH services.....	7,264,200
18	Migrant health care.....	272,200
19	Pediatric AIDS prevention and control.....	1,176,800
20	Pregnancy prevention program.....	5,846,100
21	Prenatal care outreach and service delivery support ..	3,049,300
22	School health and education programs.....	500,000
23	Special projects.....	5,284,900
24	Sudden infant death syndrome program.....	<u>321,300</u>
25	GROSS APPROPRIATION.....	\$ 43,816,600
26	Appropriated from:	
27	Federal revenues:	

Senate Bill No. 267 as amended June 14, 2005

1	Total federal revenues.....	31,205,600
2	Special revenue funds:	
3	Total other state restricted revenues.....	7,564,000
4	State general fund/general purpose.....	\$ 5,047,000
5	Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND	
6	NUTRITION PROGRAM	
7	Full-time equated classified positions..... 41.0	
8	Women, infants, and children program administration	
9	and special projects--41.0 FTE positions.....	\$ 6,498,800
10	Women, infants, and children program local	
11	agreements and food costs	<u>179,272,000</u>
12	GROSS APPROPRIATION.....	\$ 185,770,800
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues.....	132,538,400
16	Special revenue funds:	
17	Total private revenues.....	53,232,400
18	State general fund/general purpose.....	\$ 0
19	Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
20	Full-time equated classified positions..... 43.0	
21	Children's special health care services	
22	administration--43.0 FTE positions.....	\$ 3,846,800
23	Amputee program.....	184,600
24	Bequests for care and services.....	1,889,100
25	Outreach and advocacy.....	3,773,500
26	Conveyor contract.....	1,235,300
27	Medical care and treatment.....	<u><<208,668,600>></u>

Senate Bill No. 267 as amended June 14, 2005

1	GROSS APPROPRIATION.....	\$ <<219,597,900>>
2	Appropriated from:	
3	Federal revenues:	
4	Total federal revenues.....	<<104,386,900>>
5	Special revenue funds:	
6	Total private revenues.....	1,000,000
7	Total other state restricted revenues.....	<<2,458,000>>
8	State general fund/general purpose.....	\$ 111,761,000
9	Sec. 116. OFFICE OF DRUG CONTROL POLICY	
10	Full-time equated classified positions..... 16.0	
11	Drug control policy--16.0 FTE positions.....	\$ 2,105,900
12	Anti-drug abuse grants.....	24,970,300
13	Interdepartmental grant to judiciary for drug	
14	treatment courts	<u>1,800,000</u>
15	GROSS APPROPRIATION.....	\$ 28,876,200
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues.....	28,516,200
19	State general fund/general purpose.....	\$ 360,000
20	Sec. 117. CRIME VICTIM SERVICES COMMISSION	
21	Full-time equated classified positions..... 10.0	
22	Grants administration services--10.0 FTE positions ...	\$ 1,044,900
23	Justice assistance grants.....	13,000,000
24	Crime victim rights services grants.....	<u>9,655,300</u>
25	GROSS APPROPRIATION.....	\$ 23,700,200
26	Appropriated from:	
27	Federal revenues:	

Senate Bill No. 267 as amended June 14, 2005

1	Total federal revenues.....	14,622,200
2	Special revenue funds:	
3	Total other state restricted revenues.....	9,078,000
4	State general fund/general purpose.....	\$ 0
5	Sec. 118. OFFICE OF SERVICES TO THE AGING	
6	Full-time equated classified positions..... 36.5	
7	Commission (per diem \$50.00).....	\$ 10,500
8	Office of services to aging administration--36.5 FTE	
9	positions	5,188,600
10	Community services.....	35,059,700
11	Nutrition services.....	37,290,500
12	Senior volunteer services.....	5,574,900
13	Senior citizen centers staffing and equipment	100,000
14	Employment assistance.....	2,818,300
15	Respite care program.....	<u>7,600,000</u>
16	GROSS APPROPRIATION.....	\$ 93,642,500
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	52,162,700
20	Special revenue funds:	
21	Total private revenues.....	105,000
22	Tobacco settlement trust fund.....	5,000,000
23	Total other state restricted revenues.....	2,767,000
24	State general fund/general purpose.....	\$ 33,607,800
25	Sec. 119. MEDICAL SERVICES ADMINISTRATION	
26	Full-time equated classified positions..... 336.4	
27	Medical services administration--336.4 FTE positions .	\$ <<46,988,200>>
28		

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1	Facility inspection contract - state police	132,800
2	MICHild administration.....	<u>4,327,800</u>
3	GROSS APPROPRIATION.....	\$ <<51,448,800>>
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	<<37,840,700>>
7	Special revenue funds:	
8	State general fund/general purpose.....	\$ <<13,608,100>>
9	Sec. 120. MEDICAL SERVICES	
10	Hospital services and therapy.....	\$ 1,044,040,100
11	Hospital disproportionate share payments.....	50,000,000
12	Physician services.....	249,472,500
13	Medicare premium payments.....	272,705,600
14	Pharmaceutical services.....	328,794,400
15	Home health services.....	55,777,200
16	Transportation.....	7,738,300
17	Auxiliary medical services.....	122,290,500
18	Long-term care services	<<1,668,277,300>>
19	Elder prescription insurance coverage.....	3,900,000
20	Health plan services.	<<2,009,740,400>>
21	Medicaid adult benefits waiver.....	69,372,000
22	Third share plan.....	10,000,000
23	Federal Medicare pharmaceutical program.....	174,855,500
24	Maternal and child health.....	20,279,500
25	Social services to the physically disabled.....	1,344,900
26	Subtotal basic medical services program.	<<6,088,588,200>>
27	School-based services.....	68,621,100

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1	Special adjustor payments.....	332,856,900
2	Subtotal special medical services payments.....	<u>401,478,000</u>
3	GROSS APPROPRIATION.	\$<<6,490,066,200>>
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.	<<3,624,366,400>>
7	Special revenue funds:	
8	Total local revenues.....	64,578,800
9	Merit award trust fund.....	50,300,000
10	Tobacco settlement trust fund.....	67,000,000
11	Total other state restricted revenues.....	1,194,807,000
12	State general fund/general purpose.\$<<1,489,014,000>>
13	Sec. 121. INFORMATION TECHNOLOGY	
14	Information technology services and projects.....	\$ <<30,964,200>>
15	Michigan Medicaid information system.....	<u>100</u>
16	GROSS APPROPRIATION.....	<<\$30,964,300>>
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	18,603,900
20	Special revenue funds:	
21	Total other state restricted revenues.....	3,014,700
22	State general fund/general purpose.....	<<\$9,345,700>>

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Senate Bill No. 267 as amended June 14, 2005

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2005-2006 is <<\$4,372,175,900.00>> and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$1,000,784,900.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF COMMUNITY HEALTH

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Mental health initiatives for older persons	1,049,200
COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs	18,790,700
Medicaid mental health services	<<568,411,400>>
Community mental health non-Medicaid services	<<292,598,200>>
Medicaid adult benefits waiver	12,156,000
Multicultural services	3,663,800
Medicaid substance abuse services	12,620,900
Respite services	1,000,000
Omnibus budget reconciliation act implementation	3,873,000
HEALTH POLICY, REGULATION AND PROFESSIONS	
Health professions	275,000
Rural health	35,000
INFECTIOUS DISEASE CONTROL	

1	AIDS prevention, testing and care programs	1,400,000
2	Immunization local agreements	2,200,000
3	Sexually transmitted disease control local agreements	421,800
4	LABORATORY SERVICES	
5	Laboratory services	54,000
6	LOCAL HEALTH ADMINISTRATION AND GRANTS	
7	Implementation of 1993 PA 133, MCL 333.17015	7,700
8	Local public health operations	38,243,400
9	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
10	Cancer prevention and control program	120,700
11	Diabetes and kidney program	295,800
12	Smoking prevention program	1,660,300
13	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES	
14	Childhood lead program	50,000
15	Dental programs	25,000
16	Family planning local agreements	360,000
17	Local MCH services	246,100
18	Pregnancy prevention program	2,300,000
19	Prenatal care outreach and service delivery support ..	636,000
20	School health and education programs	500,000
21	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
22	Outreach and advocacy	1,283,200
23	MEDICAL SERVICES	
24	Transportation	1,275,300
25	OFFICE OF SERVICES TO THE AGING	
26	Community services	14,689,800
27	Nutrition services	11,447,300

1	Senior volunteer services.....	1,153,400
2	CRIME VICTIM SERVICES COMMISSION	
3	Crime victim rights services grants.....	<u>5,432,100</u>
4	TOTAL OF PAYMENTS TO LOCAL UNITS	
5	OF GOVERNMENT.....	\$ 1,000,784,900

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

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

11 Sec. 203. As used in this act:

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

13 (b) "CMHSP" means a community mental health services program
14 as that term is defined in section 100a of the mental health code,
15 1974 PA 258, MCL 330.1100a.

16 (c) "Department" means the Michigan department of community
17 health.

18 (d) "DSH" means disproportionate share hospital.

19 (e) "EPIC" means elder prescription insurance coverage
20 program.

21 (f) "EPSDT" means early and periodic screening, diagnosis, and
22 treatment.

23 (g) "FTE" means full-time equated.

24 (h) "GME" means graduate medical education.

25 (i) "Health plan" means, at a minimum, an organization that
26 meets the criteria for delivering the comprehensive package of
27 services under the department's comprehensive health plan.

1 (j) "HIV/AIDS" means human immunodeficiency virus/acquired
2 immune deficiency syndrome.

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

4 (l) "IDEA" means individuals with disabilities education act.

5 (m) "IDG" means interdepartmental grant.

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

7 (o) "MIChild" means the program described in section 1670.

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

9 (q) "Specialty prepaid health plan" means a program described
10 in section 232b of the mental health code, 1974 PA 258, MCL
11 330.1232b.

12 (r) "Title XVIII" means title XVIII of the social security
13 act, 42 USC 1395 to 1395hhh.

14 (s) "Title XIX" means title XIX of the social security act, 42
15 USC 1396 to 1396v.

16 (t) "Title XX" means title XX of the social security act, 49
17 USC 1397 to 1397f.

18 (u) "WIC" means women, infants, and children supplemental
19 nutrition program.

20 Sec. 204. The department of civil service shall bill the
21 department at the end of the first fiscal quarter for the 1% charge
22 authorized by section 5 of article XI of the state constitution of
23 1963. Payments shall be made for the total amount of the billing by
24 the end of the second fiscal quarter.

25 Sec. 205. (1) A hiring freeze is imposed on the state
26 classified civil service. State departments and agencies are
27 prohibited from hiring any new state classified civil service

1 employees and prohibited from filling any vacant state classified
2 civil service positions. This hiring freeze does not apply to
3 internal transfers of classified employees from 1 position to
4 another within a department.

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

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

22 Sec. 209. Funds appropriated in part 1 shall not be used for
23 the purchase of foreign goods or services, or both, if
24 competitively priced and of comparable quality American goods or
25 services, or both, are available. Preference should be given to
26 goods or services, or both, that are manufactured or provided by
27 Michigan businesses if they are competitively priced and of

1 comparable quality.

2 Sec. 210. The director shall take all reasonable steps to
3 ensure businesses in deprived and depressed communities compete for
4 and perform contracts to provide services or supplies, or both.
5 The director shall strongly encourage firms with which the
6 department contracts to subcontract with certified businesses in
7 depressed and deprived communities for services, supplies, or both.

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

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

19	(a) Maternal and child health block grant	\$	21,162,400
20	(b) Preventive health and health services block grant		5,617,500
21	(c) Substance abuse block grant		60,509,900
22	(d) Healthy Michigan fund		43,400,000
23	(e) Michigan health initiative		10,121,200

24 (2) On or before February 1, 2006, the department shall report
25 to the house of representatives and senate appropriations
26 subcommittees on community health, the house and senate fiscal
27 agencies, and the state budget director on the detailed name and

1 amounts of federal, restricted, private, and local sources of
2 revenue that support the appropriations in each of the line items
3 in part 1 of this act.

4 (3) Upon the release of the fiscal year 2005-2006 executive
5 budget recommendation, the department shall report to the same
6 parties in subsection (2) on the amounts and detailed sources of
7 federal, restricted, private, and local revenue proposed to support
8 the total funds appropriated in each of the line items in part 1 of
9 the fiscal year 2005-2006 executive budget proposal.

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

13 Sec. 213. The state departments, agencies, and commissions
14 receiving tobacco tax funds from part 1 shall report by January 1,
15 2006 to the senate and house of representatives appropriations
16 committees, the senate and house fiscal agencies, and the state
17 budget director on the following:

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

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

22 (c) Eligibility criteria for program participation and maximum
23 benefit levels where applicable.

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

25 (e) Any other information considered necessary by the house of
26 representatives or senate appropriations committees or the state
27 budget director.

1 Sec. 214. The use of state-restricted tobacco tax revenue
2 received for the purpose of tobacco prevention, education, and
3 reduction efforts and deposited in the healthy Michigan fund shall
4 not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to
5 4.431, and shall not be used in attempting to influence the
6 decisions of the legislature, the governor, or any state agency.

7 Sec. 216. (1) In addition to funds appropriated in part 1 for
8 all programs and services, there is appropriated for write-offs of
9 accounts receivable, deferrals, and for prior year obligations in
10 excess of applicable prior year appropriations, an amount equal to
11 total write-offs and prior year obligations, but not to exceed
12 amounts available in prior year revenues.

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

18 (3) The department shall report by March 15, 2006 to the house
19 of representatives and senate appropriations subcommittees on
20 community health on all reimbursements, refunds, adjustments, and
21 settlements from prior years.

22 Sec. 218. Basic health services for the purpose of part 23 of
23 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:
24 immunizations, communicable disease control, sexually transmitted
25 disease control, tuberculosis control, prevention of gonorrhea eye
26 infection in newborns, screening newborns for the 8 conditions
27 listed in section 5431(1)(a) through (h) of the public health code,

1 1978 PA 368, MCL 333.5431, community health annex of the Michigan
2 emergency management plan, and prenatal care.

3 Sec. 219. The department may contract with the Michigan public
4 health institute for the design and implementation of projects and
5 for other public health related activities prescribed in section
6 2611 of the public health code, 1978 PA 368, MCL 333.2611. The
7 department may develop a master agreement with the institute to
8 carry out these purposes for up to a 3-year period. The department
9 shall report to the house of representatives and senate
10 appropriations subcommittees on community health, the house and
11 senate fiscal agencies, and the state budget director on or before
12 November 1, 2005 and May 1, 2006 all of the following:

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

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

17 (c) The expected project duration.

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

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

26 Sec. 223. The department of community health may establish and
27 collect fees for publications, videos and related materials,

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

6 Sec. 259. From the funds appropriated in part 1 for
7 information technology, the department shall pay user fees to the
8 department of information technology for technology-related
9 services and projects. Such user fees shall be subject to
10 provisions of an interagency agreement between the department and
11 the department of information technology.

12 Sec. 260. Amounts appropriated in part 1 for information
13 technology may be designated as work projects and carried forward
14 to support technology projects under the direction of the
15 department of information technology. Funds designated in this
16 manner are not available for expenditure until approved as work
17 projects under section 451a of the management and budget act, 1984
18 PA 431, MCL 18.1451a.

19 Sec. 261. Funds appropriated in part 1 for the Medicaid
20 management information system upgrade are contingent upon approval
21 of an advanced planning document from the centers for Medicare and
22 Medicaid services. If the necessary matching funds are identified
23 and legislatively transferred to this line item, the corresponding
24 federal Medicaid revenue shall be appropriated at a 90/10
25 federal/state match rate. This appropriation may be designated as
26 a work project and carried forward to support completion of this
27 project.

1 Sec. 264. Upon submission of a Medicaid waiver, a Medicaid
2 state plan amendment, or a similar proposal to the centers for
3 Medicare and Medicaid services, the department shall notify the
4 house of representatives and senate appropriations subcommittees on
5 community health and the house and senate fiscal agencies of the
6 submission.

7 Sec. 265. The departments and agencies receiving
8 appropriations in part 1 shall receive and retain copies of all
9 reports funded from appropriations in part 1. Federal and state
10 guidelines for short-term and long-term retention of records shall
11 be followed.

12 Sec. 266. (1) Due to the current budgetary problems in this
13 state, out-of-state travel for the fiscal year ending September 30,
14 2006 shall be limited to situations in which 1 or more of the
15 following conditions apply:

16 (a) The travel is required by legal mandate or court order or
17 for law enforcement purposes.

18 (b) The travel is necessary to protect the health or safety of
19 Michigan citizens or visitors or to assist other states in similar
20 circumstances.

21 (c) The travel is necessary to produce budgetary savings or to
22 increase state revenues, including protecting existing federal
23 funds or securing additional federal funds.

24 (d) The travel is necessary to comply with federal
25 requirements.

26 (e) The travel is necessary to secure specialized training for
27 staff that is not available within this state.

1 (f) The travel is financed entirely by federal or nonstate
2 funds.

3 (2) If out-of-state travel is necessary but does not meet 1 or
4 more of the conditions in subsection (1), the state budget director
5 may grant an exception to allow the travel. Any exceptions granted
6 by the state budget director shall be reported on a monthly basis
7 to the senate and house of representatives standing committees on
8 appropriations.

9 (3) Not later than January 1 of each year, each department
10 shall prepare a travel report listing all travel by classified and
11 unclassified employees outside this state in the immediately
12 preceding fiscal year that was funded in whole or in part with
13 funds appropriated in the department's budget. The report shall be
14 submitted to the chairs and members of the senate and house of
15 representatives standing committees on appropriations, the fiscal
16 agencies, and the state budget director. The report shall include
17 the following information:

18 (a) The name of each person receiving reimbursement for travel
19 outside this state or whose travel costs were paid by this state.

20 (b) The destination of each travel occurrence.

21 (c) The dates of each travel occurrence.

22 (d) A brief statement of the reason for each travel
23 occurrence.

24 (e) The transportation and related costs of each travel
25 occurrence, including the proportion funded with state general
26 fund/general purpose revenues, the proportion funded with state
27 restricted revenues, the proportion funded with federal revenues,

1 and the proportion funded with other revenues.

2 (f) A total of all out-of-state travel funded for the
3 immediately preceding fiscal year.

4 Sec. 267. A department or state agency shall not take
5 disciplinary action against an employee for communicating with a
6 member of the legislature or his or her staff.

7 **DEPARTMENTWIDE ADMINISTRATION**

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

12 Sec. 303. The department is prohibited from requiring first-
13 party payment from individuals or families with a taxable income of
14 \$10,000.00 or less for mental health services for determinations
15 made in accordance with section 818 of the mental health code, 1974
16 PA 258, MCL 330.1818.

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

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

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

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

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

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

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

19 (e) A system of case management to monitor and ensure the
20 provision of services consistent with the individualized plan of
21 services or supports.

22 (f) A system of continuous quality improvement.

23 (g) A system to monitor and evaluate the mental health
24 services provided.

25 (h) A system that serves at-risk and delinquent youth as
26 required under the provisions of the mental health code, 1974 PA
27 258, MCL 330.1001 to 330.2106.

1 Sec. 402. (1) From funds appropriated in part 1, final
2 authorizations to CMHSPs or specialty prepaid health plans shall be
3 made upon the execution of contracts between the department and
4 CMHSPs or specialty prepaid health plans. The contracts shall
5 contain an approved plan and budget as well as policies and
6 procedures governing the obligations and responsibilities of both
7 parties to the contracts. Each contract with a CMHSP or specialty
8 prepaid health plan that the department is authorized to enter into
9 under this subsection shall include a provision that the contract
10 is not valid unless the total dollar obligation for all of the
11 contracts between the department and the CMHSPs or specialty
12 prepaid health plans entered into under this subsection for fiscal
13 year 2005-2006 does not exceed the amount of money appropriated in
14 part 1 for the contracts authorized under this subsection.

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

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

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

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

27 Sec. 403. From the funds appropriated in part 1 for

1 multicultural services, the department shall ensure that CMHSPs or
2 specialty prepaid health plans continue contracts with
3 multicultural services providers.

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

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

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

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

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

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

1 approved services.

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

6 (f) Information about access to community mental health
7 services programs which shall include, but not be limited to, the
8 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
13 waiting 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
21 the number of persons in the service delivery system who have
22 requested and are clinically appropriate for different services.

23 (i) An estimate of the number of FTEs employed by the CMHSPs
24 or specialty prepaid health plans or contracted with directly by
25 the CMHSPs or specialty prepaid health plans as of September 30,
26 2005 and an estimate of the number of FTEs employed through
27 contracts with provider organizations as of September 30, 2005.

1 (j) Lapses and carryforwards during fiscal year 2004-2005 for
2 CMHSPs or specialty prepaid health plans.

3 (k) Contracts for mental health services entered into by
4 CMHSPs or specialty prepaid health plans with providers, including
5 amount 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 or specialty prepaid health plan
9 organized by Medicaid eligibility group, including per eligible
10 individual expenditure averages.

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

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

17 (4) The department shall take all reasonable actions to ensure
18 that the data required are complete and consistent among all CMHSPs
19 or 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
22 used to support per diem room and board payments in substance abuse
23 residential facilities. Eligibility of clients for the state
24 disability assistance substance abuse services program shall
25 include needy persons 18 years of age or older, or emancipated
26 minors, who reside in a substance abuse treatment center.

27 (2) The department shall reimburse all licensed substance

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

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

13 (2) The department shall approve a fee schedule for providing
14 substance abuse services and charge participants in accordance with
15 their ability to pay.

16 Sec. 408. (1) By April 15, 2006, the department shall report
17 the following data from fiscal year 2004-2005 on substance abuse
18 prevention, education, and treatment programs to the senate and
19 house of representatives appropriations subcommittees on community
20 health, the senate and house fiscal agencies, and the state budget
21 office:

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

27 (b) Expenditures per state client, with data on the

1 distribution of expenditures reported using a histogram approach.

2 (c) Number of services provided by central diagnosis and
3 referral agency, by subcontractor, and by service type.

4 Additionally, data on length of stay, referral source, and
5 participation in other state programs.

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

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

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

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

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

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

11 Sec. 412. The department shall contract directly with the
12 Salvation Army harbor light program to provide non-Medicaid
13 substance abuse services at not less than the amount contracted for
14 in fiscal year 2004-2005.

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

1 agency. Any alternative arrangement must be based on client service
2 needs and have prior approval from the department.

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

16 Sec. 424. Each community mental health services program or
17 specialty prepaid health plan that contracts with the department to
18 provide services to the Medicaid population shall adhere to the
19 following timely claims processing and payment procedure for claims
20 submitted by health professionals and facilities:

21 (a) A "clean claim" as described in section 111i of the social
22 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days
23 after receipt of the claim by the community mental health services
24 program or specialty prepaid health plan. A clean claim that is not
25 paid within this time frame shall bear simple interest at a rate of
26 12% per annum.

27 (b) A community mental health services program or specialty

1 prepaid health plan must state in writing to the health
2 professional or facility any defect in the claim within 30 days
3 after receipt of the claim.

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

9 Sec. 425. By April 1, 2006, the department, in conjunction
10 with the department of corrections, shall report the following data
11 from fiscal year 2004-2005 on mental health and substance abuse
12 services to the house of representatives and senate appropriations
13 subcommittees on community health and corrections, the house and
14 senate fiscal agencies, and the state budget director:

15 (a) The number of prisoners receiving substance abuse
16 services, which shall include a description and breakdown of the
17 type of substance abuse services provided to those prisoners.

18 (b) The number of prisoners with a primary diagnosis of mental
19 illness and the number of such prisoners receiving mental health
20 services, which shall include a description and breakdown,
21 minimally encompassing the categories of inpatient, residential,
22 and outpatient care, of the type of mental health services provided
23 to those prisoners.

24 (c) The number of prisoners with a diagnosis of co-occurring
25 mental illness and substance abuse and the number of such prisoners
26 receiving treatment for this dual disorder, which shall include a
27 description and breakdown, minimally encompassing the categories of

1 inpatient, residential, and outpatient care, of the type of
2 treatment provided to those prisoners.

3 (d) Data indicating if prisoners receiving mental health
4 services for a primary diagnosis of mental illness or a diagnosis
5 of co-occurring mental illness and substance abuse were previously
6 hospitalized in a state psychiatric hospital for persons with
7 mental illness.

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

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

21 Sec. 435. A county required under the provisions of the mental
22 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
23 matching funds to a CMHSP for mental health services rendered to
24 residents in its jurisdiction shall pay the matching funds in equal
25 installments on not less than a quarterly basis throughout the
26 fiscal year, with the first payment being made by October 1, 2005.

27 Sec. 439. (1) It is the intent of the legislature that the

1 department, in conjunction with CMHSPs, support pilot projects that
2 facilitate the movement of adults with mental illness from state
3 psychiatric hospitals to community residential settings.

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

7 (a) A secured and supervised living environment.

8 (b) Assistance in taking prescribed medications.

9 (c) Intensive case management services.

10 (d) Assertive community treatment team services.

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

12 (f) Individual or group therapy.

13 (g) Day or partial day programming activities.

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

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

18 (3) The pilot projects described in this section shall be
19 completely voluntary.

20 (4) The department shall provide semiannual reports to the
21 house of representatives and senate appropriations subcommittees on
22 community health, the state budget office, and the house and senate
23 fiscal agencies as to any activities undertaken by the department
24 and CMHSPs for pilot projects implemented under this section.

25 Sec. 442. (1) It is the intent of the legislature that the
26 \$40,000,000.00 in funding transferred from the community mental
27 health non-Medicaid services line to support the Medicaid adult

1 benefits waiver program be used to provide state match for
2 increases in federal funding for primary care and specialty
3 services provided to Medicaid adult benefits waiver enrollees and
4 for economic increases for the Medicaid specialty services and
5 supports program.

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

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

14 (4) If enrollment in the Medicaid adult benefits waiver
15 program does not achieve expectations and the funding appropriated
16 for the Medicaid adult benefits waiver program for specialty
17 services is not expended, the general fund balance shall be
18 transferred back to the community mental health non-Medicaid
19 services line. The department shall report quarterly to the senate
20 and house of representatives appropriations subcommittees on
21 community health a summary of eligible expenditures for the
22 Medicaid adult benefits waiver program by CMHSPs or specialty
23 prepaid health plans.

24 (5) In the waiver renewal application the department submits
25 to the centers for Medicare and Medicaid services for continuation
26 of the state's 1915(b) specialty services waiver, the department
27 will request that the amount of savings that may be retained by a

1 specialty prepaid health plan be changed from 5% to 7.5% of
2 aggregate capitation payments. If the department is unable to
3 secure centers for Medicare and Medicaid services approval for this
4 change, the department shall allow specialty prepaid health plans
5 and their affiliate CMHSP members to retain 50% of the unspent
6 general fund/general purpose portion of the funds allocated to the
7 specialty prepaid health plan for services to be provided under the
8 Medicaid specialty services waiver. Any such general fund/general
9 purpose portion retained by the specialty prepaid health plan and
10 its CMHSP affiliates under this section shall be considered as
11 state revenues for purposes of determining the amount of state
12 funds that the CMHSP may carry forward under section 226(2)(c) of
13 the mental health code, 1974 PA 258, MCL 330.1226.

14 Sec. 443. It is the intent of the legislature that the
15 implementation of the quality assurance assessment program (QAAP)
16 for community mental health prepaid inpatient health plans (PIHP)
17 shall not result in any net reduction in revenue for community
18 mental health services. If the QAAP is not implemented, generates
19 revenue below the amount budgeted in fiscal year 2005-2006, or is
20 eliminated at a later date, the department shall present a plan to
21 the senate and house of representatives standing committees on
22 appropriations assuring no net reduction in funding for community
23 mental health services.

24 Sec. 450. The department shall continue a work group comprised
25 of CMHSPs or specialty prepaid health plans and departmental staff
26 to recommend strategies to streamline audit and reporting
27 requirements for CMHSPs or specialty prepaid health plans. The

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department shall report on the recommendations of the work group by March 31, 2006 to the house of representatives and senate appropriations subcommittees on community health, the house fiscal agency, the senate fiscal agency, and the state budget director.

Sec. 452. Unless otherwise authorized by law, the department shall not implement retroactively any policy that would lead to a negative financial impact on community mental health services programs or prepaid inpatient health plans.

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Sec. 457. (1) Any CMSHP located in a county with a population exceeding 1,500,000 that is not recognized as a community mental health authority created under section 205 of the mental health code, 1974 PA 258, MCL 330.1205, by July 1, 2005 shall have its fiscal year 2005-2006 community mental health non-Medicaid services allotment reduced by \$20,000,000.00 from its fiscal year 2004-2005 allotment.

(2) It is the intent of the legislature that if any CMHSP

1 subject to the funding reduction outlined in subsection (1) becomes
2 an authority by July 1, 2006, its allotment for community mental
3 health non-Medicaid services in fiscal year 2006-2007 shall be
4 increased by \$10,000,000.00 above its fiscal year 2005-2006
5 allotment.

6 (3) If a CMHSP as described in subsection (1) does not become
7 an authority by July 1, 2006, it is the intent of the legislature
8 to pursue alternative means for its administration, including, but
9 not limited, to behavioral health managed care organizations.

10 Sec. 458. (1) The department shall produce a report detailing
11 the steps necessary to implement a pilot program testing the
12 effectiveness of a recovery-oriented secure residential facility
13 for adults with serious mental illness. This facility would have
14 less than 17 beds and have locking doors and windows or a secure
15 perimeter that is designed and operated to prevent a resident from
16 leaving without permission of the facility staff or appropriate
17 officials.

18 (2) This report shall include:

19 (a) A 12-month projection of costs, staffing, operational
20 procedures, eligibility criteria, admission processes, evaluation
21 methods, and available sources of funding.

22 (b) A description of necessary changes in state law, policy,
23 or licensing procedures for a pilot project to be implemented.

24 (3) The report shall be completed by June 30, 2006 and shall
25 be submitted to the senate and house of representatives
26 appropriations subcommittees on community health, the senate and
27 house fiscal agencies, and the state budget director.

1 Sec. 459. (1) The department and state court administrator
2 shall produce a report that details the steps necessary to
3 implement a pilot program testing the effectiveness of a
4 specialized mental health court. This court would have the ability
5 to divert into treatment, prior to the filing of charges, an adult
6 with mental illness alleged to have committed a nonviolent offense.

7 (2) The report shall include each of the following:

8 (a) A 12-month projection of costs, staffing, operational
9 procedures, identification of necessary local involvement,
10 evaluation methods, and available sources of funding.

11 (b) Identification of any necessary changes required in state
12 law, rule, or policy to implement the pilot program.

13 (c) A list of the offenses deemed nonviolent and eligible for
14 intervention by the mental health court.

15 (3) The report shall be completed by June 30, 2006 and shall
16 be submitted to the house and senate appropriations subcommittees
17 on community health and judiciary, the house and senate fiscal
18 agencies, and the state budget director.

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

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

1 (2) The department shall continue a revenue recapture project
2 to generate additional revenues from third parties related to cases
3 that have been closed or are inactive. Upon approval by the state
4 budget director, such revenues may be allotted and spent for
5 departmental costs and contractual fees associated with these
6 retroactive collections and to improve ongoing departmental
7 reimbursement management functions.

8 Sec. 602. Unexpended and unencumbered amounts and accompanying
9 expenditure authorizations up to \$1,000,000.00 remaining on
10 September 30, 2006 from the amounts appropriated in part 1 for
11 gifts and bequests for patient living and treatment environments
12 shall be carried forward for 1 fiscal year. The purpose of gifts
13 and bequests for patient living and treatment environments is to
14 use additional private funds to provide specific enhancements for
15 individuals residing at state-operated facilities. Use of the gifts
16 and bequests shall be consistent with the stipulation of the donor.
17 The expected completion date for the use of gifts and bequests
18 donations is within 3 years unless otherwise stipulated by the
19 donor.

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

27 Sec. 604. (1) The CMHSPs or specialty prepaid health plans

1 shall provide semiannual reports to the department on the following
2 information:

3 (a) The number of days of care purchased from state hospitals
4 and centers.

5 (b) The number of days of care purchased from private
6 hospitals in lieu of purchasing days of care from state hospitals
7 and centers.

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

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

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

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

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

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

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

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

20 **PUBLIC HEALTH ADMINISTRATION**

21 Sec. 650. The department shall communicate the annual public
22 health consumption advisory for sportfish. The department shall, at
23 a minimum, post the advisory on the Internet and make the
24 information in the advisory available to the clients of the women,
25 infants, and children special supplemental nutrition program.

1 **HEALTH REGULATORY SYSTEMS**

2 Sec. 704. The department shall continue to work with grantees
3 supported through the appropriation in part 1 for emergency medical
4 services grants and contracts to ensure that a sufficient number of
5 qualified emergency medical services personnel exist to serve rural
6 areas of the state.

7 Sec. 705. The department shall post on the Internet the
8 executive summary of the latest inspection for each licensed
9 nursing home.

10 Sec. 706. When hiring any new nursing home inspectors funded
11 through appropriations in part 1, the department shall make every
12 effort to hire individuals with past experience in the long-term
13 care industry.

14 Sec. 707. It is the intent of the legislature that the funds
15 appropriated in part 1 for the nurse scholarship program,
16 established in section 16315 of the public health code, 1978 PA
17 368, MCL 333.16315, are used to increase the number of nurses
18 practicing in Michigan. The board of nursing is encouraged to
19 structure scholarships funded under this act in a manner that
20 rewards recipients who intend to practice nursing in Michigan. In
21 addition, it is the intent of the legislature that the department
22 and the board of nursing work cooperatively with the Michigan
23 higher education assistance authority to coordinate scholarship
24 assistance with scholarships provided pursuant to the Michigan
25 nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

26 Sec. 708. Nursing facilities shall report in the quarterly
27 staff report to the department, the total patient care hours

1 provided each month, by state licensure and certification
2 classification, and the percentage of pool staff, by state
3 licensure and certification classification, used each month during
4 the preceding quarter. The department shall make available to the
5 public, the quarterly staff report compiled for all facilities
6 including the total patient care hours and the percentage of pool
7 staff used, by classification.

8 Sec. 709. The department may make available to interested
9 entities customized listings of nonconfidential information in its
10 possession, such as names and addresses of licensees. The
11 department may establish and collect a reasonable charge to provide
12 this service. The revenue received from this service shall be used
13 to offset expenses to provide the service. Any balance of this
14 revenue collected and unexpended at the end of the fiscal year
15 shall revert to the appropriate restricted fund.

16 Sec. 710. The funds appropriated in part 1 for the Michigan
17 essential health care provider program may also provide loan
18 repayment for dentists that fit the criteria established by part 27
19 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

20 Sec. 711. From the funds appropriated in part 1 for primary
21 care services, an amount not to exceed \$2,296,000.00 is
22 appropriated to enhance the service capacity of the federally
23 qualified health centers and other health centers which are similar
24 to federally qualified health centers.

25 INFECTIOUS DISEASE CONTROL

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

5 Sec. 802. In developing and implementing AIDS provider
6 education activities, the department may provide funding to the
7 Michigan state medical society to serve as lead agency to convene a
8 consortium of health care providers, to design needed educational
9 efforts, to fund other statewide provider groups, and to assure
10 implementation of these efforts, in accordance with a plan approved
11 by the department.

12 Sec. 803. The department shall continue the AIDS drug
13 assistance program maintaining the prior year eligibility criteria
14 and drug formulary. This section is not intended to prohibit the
15 department from providing assistance for improved AIDS treatment
16 medications.

17 Sec. 804. The department shall require that the tetanus and
18 diphtheria immunization be offered annually at the same time that
19 the influenza immunization is offered to patients 65 years of age
20 or older who are residents of long-term care facilities.

21 LOCAL HEALTH ADMINISTRATION AND GRANTS

22 Sec. 901. The amount appropriated in part 1 for implementation
23 of the 1993 amendments to sections 9161, 16221, 16226, 17014,
24 17015, and 17515 of the public health code, 1978 PA 368, MCL
25 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and
26 333.17515, shall reimburse local health departments for costs

1 incurred related to implementation of section 17015(18) of the
2 public health code, 1978 PA 368, MCL 333.17015.

3 Sec. 902. If a county that has participated in a district
4 health department or an associated arrangement with other local
5 health departments takes action to cease to participate in such an
6 arrangement after October 1, 2005, the department shall have the
7 authority to assess a penalty from the local health department's
8 operational accounts in an amount equal to no more than 5% of the
9 local health department's local public health operations funding.
10 This penalty shall only be assessed to the local county that
11 requests the dissolution of the health department.

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

21 Sec. 904. (1) Funds appropriated in part 1 for local public
22 health operations shall be prospectively allocated to local health
23 departments to support immunizations, infectious disease control,
24 sexually transmitted disease control and prevention, hearing
25 screening, vision services, food protection, public water supply,
26 private groundwater supply, and on-site sewage management. Food
27 protection shall be provided in consultation with the Michigan

1 department of agriculture. Public water supply, private groundwater
2 supply, and on-site sewage management shall be provided in
3 consultation with the Michigan department of environmental quality.

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

6 (3) Distributions in subsection (1) shall be made only to
7 counties that maintain local spending in fiscal year 2005-2006 of
8 at least the amount expended in fiscal year 1992-1993 for the
9 services described in subsection (1).

10 (4) By April 1, 2006, the department shall make available upon
11 request a report to the senate or house of representatives
12 appropriations subcommittee on community health, the senate or
13 house fiscal agency, or the state budget director on the planned
14 allocation of the funds appropriated for local public health
15 operations.

16 Sec. 905. From the funds appropriated in part 1 for local
17 public health operations, local health departments shall offer
18 hearing screening and vision services at a reduced level than that
19 provided in fiscal year 2004-2005. Local health departments shall
20 target these services to preschool and early elementary aged
21 schoolchildren.

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

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

1 health care providers.

2 Sec. 1006. (1) In spending the funds appropriated in part 1
3 for the smoking prevention program, priority shall be given to
4 prevention and smoking cessation programs for pregnant women, women
5 with young children, and adolescents.

6 (2) For purposes of complying with 2004 PA 164, \$1,200,000.00
7 of the funds appropriated in part 1 for the smoking prevention
8 program shall be used for the quit kit program that includes the
9 nicotine patch or nicotine gum.

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

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

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

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

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

21 Sec. 1009. From the funds appropriated in part 1 for the
22 diabetes and kidney program, a portion of the funds may be
23 allocated to the National Kidney Foundation of Michigan for kidney
24 disease prevention programming including early identification and
25 education programs and kidney disease prevention demonstration
26 projects.

27 Sec. 1010. From the funds appropriated in part 1 for chronic

1 disease prevention, \$400,000.00 may be allocated for osteoporosis
2 prevention and treatment education.

3 Sec. 1019. From the funds appropriated in part 1 for chronic
4 disease prevention, \$50,000.00 may be allocated for stroke
5 prevention, education, and outreach. The objectives of the program
6 shall include education to assist persons in identifying risk
7 factors, and education to assist persons in the early
8 identification of the occurrence of a stroke in order to minimize
9 stroke damage.

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

14 Sec. 1029. From the funds appropriated in part 1 for the
15 Michigan Parkinson's foundation, \$100,000.00 may be appropriated
16 for programs related to Parkinson's disease.

17 Sec. 1030. (1) From the funds appropriated in part 1, there is
18 allocated an amount not to exceed \$0.00 for a statewide before- or
19 after-school program to provide youth with a safe, engaging
20 environment to motivate and inspire learning outside the
21 traditional classroom setting. Before-school programs are limited
22 to elementary school-aged children. Effective before- or after-
23 school programs combine academic, enrichment, and recreation
24 activities to guide learning and inspire children and youth in
25 various activities. The before- or after-school programs can meet
26 the needs of the communities served by the programs.

27 (2) The department shall work in collaboration with the

1 department of human services and the state board of education.

2 (3) The department shall, through a competitive bid process,
3 provide grants or contracts up to \$0.00 in funds for the program
4 based on community needs. A county shall receive no more than 20%
5 of the funds allocated under this section for this program. The use
6 of funds under this section should not be considered an ongoing
7 commitment of funding.

8 (4) The before- or after-school programs funded under this
9 section shall include, at a minimum, at least 3 of the following
10 topics:

11 (a) Abstinence-based pregnancy prevention.

12 (b) Chemical abuse and dependency including nonmedical
13 services.

14 (c) Obesity prevention.

15 (d) Gang violence prevention.

16 (e) Academic assistance, including assistance with reading and
17 writing.

18 (f) Preparation toward future self-sufficiency.

19 (g) Leadership development.

20 (h) Case management or mentoring.

21 (i) Parental involvement.

22 (j) Anger management.

23 (5) The department may enter into grants or contracts with
24 independent contractors including, but not limited to, faith-based
25 organizations, boys or girls clubs, schools, or nonprofit
26 organizations. The department shall grant priority in funding to
27 independent contractors who secure at least 25% in matching funds.

1 The matching funds may either be fulfilled through local, state, or
2 federal funds or through in-kind or other donations.

3 (6) A referral to a program may be made by, but is not limited
4 to, any of the following:

5 (a) A teacher.

6 (b) A counselor.

7 (c) A parent.

8 (d) A police officer.

9 (e) A judge.

10 (f) A social worker.

11 (7) By August 30, 2006, the department before- or after-school
12 expenditures shall be audited and the department shall work in
13 collaboration with independent contractors to provide a report on
14 the before- or after-school program to the senate and house
15 standing committees dealing with community health, human services,
16 and education, the senate and house appropriations subcommittees on
17 community health, the senate and house fiscal agencies, and the
18 senate and house policy offices. The report shall include the
19 number of participants and the average cost per participant, as
20 well as changes noted in program participants in any of the
21 following categories:

22 (a) Juvenile crime.

23 (b) Aggressive behavior.

24 (c) Physical health, nutrition, and conditioning.

25 (d) Development of new skills and interests.

26 (e) School attendance and dropout rates.

27 (f) Behavioral changes in school.

1 (8) Private foundations may contribute funding to this
2 program, as determined by the department.

3 Sec. 1031. (1) The department shall collaborate with the state
4 board of education and the department of human services to extend
5 the duration of the Michigan after-school partnership and oversee
6 its efforts to implement the policy recommendations and strategic
7 next steps identified in the Michigan after-school initiative's
8 report of December 15, 2003.

9 (2) Funds shall be used to leverage other private and public
10 funding to engage the public and private sectors in building and
11 sustaining high-quality and out-of-school-time programs and
12 resources. The cochairs, representing the department, the state
13 board of education, and the department of human services, shall
14 name a fiduciary agent and may authorize the fiduciary agent to
15 expend funds and hire people to accomplish the work of the Michigan
16 after-school partnership.

17 (3) Participation in the Michigan after-school partnership
18 shall be expanded beyond the membership of the initial Michigan
19 after-school initiative to increase the representation of parents,
20 youth, foundations, employers, and others with experience in
21 education, child care, after-school and youth development services,
22 and crime and violence prevention and to include representation
23 from the Michigan department of labor and economic growth. Each
24 year, on or before December 31, the Michigan after-school
25 partnership shall report its progress in reaching the
26 recommendations set forth in the Michigan after-school initiative's
27 report to the legislature and the governor.

1 **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

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

10 Sec. 1104. Before April 1, 2006, the department shall submit a
11 report to the house and senate fiscal agencies and the state budget
12 director on planned allocations from the amounts appropriated in
13 part 1 for local MCH services, prenatal care outreach and service
14 delivery support, family planning local agreements, and pregnancy
15 prevention programs. Using applicable federal definitions, the
16 report shall include information on all of the following:

17 (a) Funding allocations.

18 (b) Actual number of women, children, and/or adolescents
19 served and amounts expended for each group for the fiscal year
20 2004-2005.

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

1 sites; management efficiency; and ability to meet federal
2 standards, when applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (2) Not later than December 1 of the current fiscal year, the

1 department shall make available upon request a report to the senate
2 or house of representatives appropriations subcommittee on
3 community health or the senate or house of representatives standing
4 committee on health policy the number of individual patients
5 treated, number of procedures performed, and approximate total
6 market value of those procedures through September 30, 2005.

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

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

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

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

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

4 Sec. 1135. (1) Provision of the school health education
5 curriculum, such as the Michigan model or another comprehensive
6 school health education curriculum, shall be in accordance with the
7 health education goals established by the Michigan model for the
8 comprehensive school health education state steering committee. The
9 state steering committee shall be comprised of a representative
10 from each of the following offices and departments:

11 (a) The department of education.

12 (b) The department of community health.

13 (c) The health administration in the department of community
14 health.

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

17 (e) The family independence agency.

18 (f) The department of state police.

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

1 instruments or data used to administer an academic examination.

2 Sec. 1136. Contingent on the availability of state funds,
3 funds shall be allocated for child advocacy centers.

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

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

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

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

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

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

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

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

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

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

5 OFFICE OF DRUG CONTROL POLICY

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

11 CRIME VICTIM SERVICES COMMISSION

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

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

1 OFFICE OF SERVICES TO THE AGING

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

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

10 Determining criteria shall include all of the following:

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

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

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

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

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

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

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

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

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

<<MEDICAL SERVICES ADMINISTRATION

Sec. 1501. Contingent upon recoveries of Medicaid managed care and fee-for-service payments as noted in the auditor general's performance audit of the medical services administration published April 2005, \$7,600,000.00, of which \$3,800,000.00 is general fund/general purpose funds, shall be authorized within the medical services administration line.>>

MEDICAL SERVICES

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

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

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

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

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

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

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

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

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

1 determining medical services eligibility and patient pay amounts.

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

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

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

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

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

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

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

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

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

10 Sec. 1620. (1) For fee-for-service recipients who do not
11 reside in nursing homes, the pharmaceutical dispensing fee shall be
12 \$2.50 or the pharmacy's usual or customary cash charge, whichever
13 is less. For nursing home residents, the pharmaceutical dispensing
14 fee shall be \$2.75 or the pharmacy's usual or customary cash
15 charge, whichever is less.

16 (2) The department shall require a prescription copayment for
17 Medicaid recipients of \$1.00 for a generic drug, \$3.00 for a brand-
18 name drug that has no generic equivalent, and \$10.00 for a brand-
19 name drug where a generic equivalent is available, except as
20 prohibited by federal or state law or regulation.

21 (3) For fee-for-service recipients, an optional mail order
22 pharmacy program shall be available.

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

26 (2) The department shall notify all HMOs, physicians,
27 pharmacies, and other medical providers that are enrolled in the

1 Medicaid program that Medicaid policy allows for the dispensing of
2 a 100-day supply for maintenance drugs.

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

8 Sec. 1625. The department shall continue its practice of
9 placing all atypical antipsychotic medications on the Medicaid
10 preferred drug list.

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

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

20 Sec. 1628. (1) The department shall convene by October 2005 a
21 committee to study the implementation of psychotropic pharmacy
22 administration under Medicare part D for individuals dually
23 enrolled in the Medicare and Medicaid programs. This committee
24 shall study and evaluate the effectiveness of mental health
25 consumer enrollment and medication access through the Medicare part
26 D procedures for pharmaceutical management for dual eligibles.

27 (2) The committee shall include a representative from each of

1 the following organizations: the medical services administration,
2 the office of services to the aging, the department's mental health
3 and substance abuse services division, mental health association of
4 Michigan, national alliance for the mentally ill of Michigan,
5 Michigan psychiatric society, Michigan association of community
6 mental health boards, Michigan pharmacists association, Michigan
7 protection and advocacy service, international association of
8 psychosocial rehabilitation services, and the pharmaceutical
9 industry. The committee shall elect a chairperson who is not
10 employed by state government.

11 (3) The committee shall produce a report by June 15, 2006 to
12 the senate and house of representatives appropriations
13 subcommittees on community health and the senate and house fiscal
14 agencies.

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

19 Sec. 1630. (1) Medicaid coverage for podiatric services, adult
20 dental services, and chiropractic services shall continue at not
21 less than the level in effect on October 1, 2002, except that
22 reasonable utilization limitations may be adopted in order to
23 prevent excess utilization. The department shall not impose
24 utilization restrictions on chiropractic services unless a
25 recipient has exceeded 18 office visits within 1 year.

26 (2) The department shall continue Medicaid coverage for
27 hearing aid services, but may implement the bulk purchase of

1 hearing aids, impose limitations on binaural hearing aid benefits,
2 and limit the replacement of hearing aids to once every 3 years.

3 Sec. 1631. The department shall require copayments on dental,
4 podiatric, chiropractic, vision, and hearing aid services provided
5 to Medicaid recipients, except as prohibited by federal or state
6 law or regulation.

7 Sec. 1633. From the funds appropriated in part 1 for auxiliary
8 medical services, the department shall expand the healthy kids
9 dental program statewide if funds become available specifically for
10 expansion of the program.

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

14 Sec. 1635. (1) Effective October 1, 2005 and subject to
15 federal approval of the necessary waivers, the department shall
16 implement copayments and deductibles for Medicaid fee-for-services
17 based on the following criteria:

18 (a) A \$25.00 copayment for nonemergency use of emergency
19 department services.

20 (b) A copayment on fee-for-service physician services
21 sufficient to lead to a \$3,000,000.00 general fund/general purpose
22 funds reduction in expenditures.

23 (c) A copayment on the first day of fee-for-service hospital
24 services sufficient to lead to a \$500,000.00 general fund/general
25 purpose funds reduction in expenditures.

26 (d) A copayment on durable medical equipment sufficient to
27 lead to a \$1,500,000.00 general fund/general purpose funds

1 reduction in expenditures.

2 (e) A deductible for nonemergency transportation services
3 sufficient to produce a \$500,000.00 general fund/general purpose
4 funds reduction in expenditures.

5 (2) The department may establish disease management programs
6 with lower copayments and deductibles than those described in
7 subsection (1).

8 (3) By August 1, 2005, the department shall submit a waiver
9 request to the centers for Medicare and Medicaid services to allow
10 for the implementation of the copayments and deductibles described
11 in subsection (1).

12 Sec. 1636. (1) Effective October 1, 2005 and subject to
13 federal approval of the necessary waivers, the department shall
14 implement a system of premiums for Medicaid clients subject to the
15 following conditions:

16 (a) Disabled individuals, nursing home residents, and pregnant
17 women shall be exempt from any premiums.

18 (b) Premiums shall be assessed on a sliding scale based on
19 family income.

20 (c) Adults who sign a personal responsibility agreement as
21 described in section 1637 shall be charged premiums that are 25% as
22 large as the premiums paid by adults who do not sign a personal
23 responsibility agreement or who have violated the terms of their
24 personal responsibility agreement.

25 (d) The overall premium package shall be set so that the
26 average premium paid by or on behalf of a Medicaid client not
27 exempted in subdivision (a) shall be \$5.00 per month.

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1 (2) By August 1, 2005, the department shall submit a waiver
2 request to the centers for Medicare and Medicaid services to allow
3 for the implementation of the premium system described in
4 subsection (1).

5 Sec. 1637. (1) All adult Medicaid recipients shall be offered
6 the opportunity to sign a Medicaid personal responsibility
7 agreement.

8 (2) Those adult Medicaid recipients who sign such a personal
9 responsibility agreement shall be charged lower premiums subject to
10 the conditions of section 1636(1)(c).

11 (3) The personal responsibility agreement may include at
12 minimum the following requirements:

13 (a) That the recipient shall not smoke.

14 (b) That the recipient shall attend all scheduled medical
15 appointments.

16 (c) That the recipient shall exercise regularly.

17 (d) That if the recipient has children, those children shall
18 be up-to-date on their immunizations.

19 <<(e) That the recipient shall abstain from abusing controlled
substances and narcotics.>>

20 (4) All adult Medicaid recipients, whether or not they have
21 signed a personal responsibility agreement, shall have an annual
health assessment with a physician.

22 (5) At the annual health assessment, all adult Medicaid
23 recipients who have signed a personal responsibility agreement
24 shall be required to submit to a test to determine whether or not
25 they have smoked.

26 (6) If an adult Medicaid recipient who has signed a personal
27 responsibility agreement is found to have smoked, to have not

1 attended all scheduled medical appointments, or if his or her
2 children are not up-to-date on their immunizations, he or she shall
3 be subject to the higher premium scale set for those who did not
4 sign the personal responsibility agreement, as described in section
5 1636(1)(c).

6 Sec. 1639. The department in cooperation with the department
7 of human services may produce a survey by July 1, 2006 identifying
8 the businesses in this state that have the highest number of their
9 employees enrolled in the state Medicaid and MICHild programs. If a
10 survey is produced, the survey shall be provided to the senate and
11 house standing committees on appropriations, the senate and house
12 fiscal agencies, and the state budget director.

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

17 Sec. 1643. Of the funds appropriated in part 1 for graduate
18 medical education in the hospital services and therapy line item
19 appropriation, the federal share and the allowable Medicaid
20 matching funds shall be allocated for the psychiatric residency
21 training program that establishes and maintains collaborative
22 relations with the schools of medicine at Michigan State University
23 and Wayne State University if the necessary allowable Medicaid
24 matching funds are provided by the universities.

25 Sec. 1647. From the funds appropriated in part 1 for medical
26 services, the department shall allocate for graduate medical
27 education not less than the level of rates and payments in effect

1 on May 1, 2005.

2 Sec. 1648. The department shall maintain an automated toll-
3 free phone line to enable medical providers to verify the
4 eligibility status of Medicaid recipients. There shall be no charge
5 to providers for the use of the toll-free phone line.

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

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

21 (2) Persons to be assigned a managed care provider shall be
22 informed in writing of the criteria for exceptions to capitated
23 managed care enrollment, their right to change HMOs for any reason
24 within the initial 90 days of enrollment, the toll-free telephone
25 number for problems and complaints, and information regarding
26 grievance and appeals rights.

27 (3) The criteria for medical exceptions to HMO enrollment

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

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

15 (2) The department shall not amend the medical services
16 hospice manual in a manner that would allow hospice services to be
17 provided without making available all comprehensive hospice
18 services described in 42 CFR part 418.

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

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

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

1 (c) Mandatory enrollment of Medicaid beneficiaries living in
2 counties defined as rural by the federal government, which is any
3 nonurban standard metropolitan statistical area, is allowed if
4 there is only 1 HMO serving the Medicaid population, as long as
5 each Medicaid beneficiary is assured of having a choice of at least
6 2 physicians by the HMO.

7 (d) Enrollment of recipients of children's special health care
8 services in HMOs shall be voluntary.

9 (e) The department shall develop a case adjustment to its rate
10 methodology that considers the costs of persons with HIV/AIDS, end
11 stage renal disease, organ transplants, and other high-cost
12 diseases or conditions and shall implement the case adjustment when
13 it is proven to be actuarially and fiscally sound. Implementation
14 of the case adjustment must be budget neutral.

15 Sec. 1654. Medicaid HMOs shall provide for reimbursement of
16 HMO covered services delivered other than through the HMO's
17 providers if medically necessary and approved by the HMO,
18 immediately required, and that could not be reasonably obtained
19 through the HMO's providers on a timely basis. Such services shall
20 be considered approved if the HMO does not respond to a request for
21 authorization within 24 hours of the request. Reimbursement shall
22 not exceed the Medicaid fee-for-service payment for those services.

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

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

1 any reason within the initial 90 days of enrollment.

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

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

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

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

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

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

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

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

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

16 (2) A hospital access agreement specified in subsection (1)
17 shall be considered an affiliated provider contract pursuant to the
18 requirements contained in chapter 35 of the insurance code of 1956,
19 1956 PA 218, MCL 500.3501 to 500.3580.

20 Sec. 1659. The following sections are the only ones that shall
21 apply to the following Medicaid managed care programs, including
22 the comprehensive plan, children's special health care services
23 plan, MIChoice long-term care plan, and the mental health,
24 substance abuse, and developmentally disabled services program:
25 401, 402, 404, 414, 418, 424, 428, 1650, 1651, 1653, 1654, 1655,
26 1656, 1657, 1658, 1660, 1661, 1662, 1664, and 1699.

27 Sec. 1660. (1) The department shall assure that all Medicaid

1 children have timely access to EPSDT services as required by
2 federal law. Medicaid HMOs shall provide EPSDT services to their
3 child members in accordance with Medicaid EPSDT policy.

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

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

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

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

1 pregnant women.

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

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

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

23 Sec. 1662. (1) The department shall assure that an external
24 quality review of each contracting HMO is performed that results in
25 an analysis and evaluation of aggregated information on quality,
26 timeliness, and access to health care services that the HMO or its
27 contractors furnish to Medicaid beneficiaries.

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

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

12 (4) The department shall assure that training and technical
13 assistance are available for EPSDT and MSS/ISS for Medicaid health
14 plans, local health departments, and MSS/ISS contractors.

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

1 poverty level shall be provided through a state-based private
2 health care program.

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

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

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

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

24 (a) "Dental care corporation", "health care corporation",
25 "insurer", and "prudent purchaser agreement" mean those terms as
26 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
27 550.52.

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

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

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

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

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

21 Sec. 1680. (1) It is the intent of the legislature that
22 payment increases for enhanced wages and new or enhanced employee
23 benefits provided in previous years through the Medicaid nursing
24 home wage pass-through program be continued in fiscal year 2005-
25 2006.

26 (2) The department shall provide a report to the house and
27 senate appropriations subcommittees on community health and the

1 house and senate fiscal agencies regarding the amount of nursing
2 home employee wage and benefit increases provided in fiscal year
3 2004-2005 through the Medicaid nursing home wage pass-through
4 program implemented in previous years.

5 (3) The department shall not implement any increase or
6 decrease in the Medicaid nursing home wage pass-through program in
7 fiscal year 2004-2005.

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

18 Sec. 1682. (1) The department shall implement enforcement
19 actions as specified in the nursing facility enforcement provisions
20 of section 1919 of title XIX, 42 USC 1396r.

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

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

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

<<Sec. 1684. Of the funds appropriated in part 1 for the Medicaid
home- and community-based services waiver program, no more than \$6.30 per
person per day shall be allocated for administrative expenses.>>

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

21 Sec. 1687. (1) From the funds appropriated in part 1 for long-
22 term care services, the department shall contract with a stand
23 alone psychiatric facility that provides at least 20% of its total
24 care to Medicaid recipients to provide access to Medicaid
25 recipients who require specialized Alzheimer's disease or dementia
26 care.

27 (2) The department shall report to the senate and house

1 appropriations subcommittees on community health and the senate and
2 house fiscal agencies on the effectiveness of the contract required
3 under subsection (1) to improve the quality of services to Medicaid
4 recipients.

5 Sec. 1688. The department shall not impose a limit on per unit
6 reimbursements to service providers that provide personal care or
7 other services under the Medicaid home and community-based waiver
8 program for the elderly and disabled. The department's per day per
9 client reimbursement cap calculated in the aggregate for all
10 services provided under the Medicaid home and community-based
11 waiver is not a violation of this section.

12 Sec. 1689. (1) Priority in enrolling additional persons in the
13 Medicaid home and community-based services program shall be given
14 to those who are currently residing in nursing homes or who are
15 eligible to be admitted to a nursing home if they are not provided
16 home and community-based services. The department shall implement
17 screening and assessment procedures to assure that no additional
18 Medicaid eligible persons are admitted to nursing homes who would
19 be more appropriately served by the Medicaid home and community-
20 based services program. If there is a net decrease in the number of
21 Medicaid nursing home days of care during the most recent quarter
22 in comparison with the previous quarter and a net cost savings
23 attributable to moving individuals from a nursing home to the home
24 and community-based services waiver program, the department shall
25 transfer the net cost savings to the home and community-based
26 services waiver program. If a transfer is required, it shall be
27 done on a quarterly basis.

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1 (2) Within 30 days of the end of each fiscal quarter, the
2 department shall provide a report to the senate and house
3 appropriations subcommittees on community health and the senate and
4 house fiscal agencies that details existing and future allocations
5 for the home and community-based waiver program by regions as well
6 as the associated expenditures. The report shall include
7 information regarding the net cost savings from moving individuals
8 from a nursing home to the home and community-based services waiver
9 program and the amount of funds transferred.

10 (3) The department shall utilize a competitive bid process to
11 award funds for the implementation of the new screening process to
12 be applied to home and community-based services and nursing
13 facility services provided by Medicaid.

<<Sec. 1690. The department may work with the federal government to
establish an estate preservation program as recommended by the Michigan
Medicaid long-term care task force.>>

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

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

27 (a) Finance activities within the medical services

1 administration related to this project.

2 (b) Reimburse participating school districts pursuant to the
3 fund sharing ratios negotiated in the state-local agreements
4 authorized in subsection (1).

5 (c) Offset general fund costs associated with the medical
6 services program.

7 Sec. 1693. The special adjutor payments appropriation in part
8 1 may be increased if the department submits a medical services
9 state plan amendment pertaining to this line item at a level higher
10 than the appropriation. The department is authorized to
11 appropriately adjust financing sources in accordance with the
12 increased appropriation.

13 Sec. 1694. The department of community health shall distribute
14 \$695,000.00 to children's hospitals that have a high indigent care
15 volume. The amount to be distributed to any given hospital shall be
16 based on a formula determined by the department of community
17 health.

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

25 (2) A qualifying health system is defined as any health care
26 entity licensed to provide health care services in the state of
27 Michigan, that has entered into a contractual relationship with a

1 local or intermediate school district to provide or manage school-
2 based or school-linked health services.

3 Sec. 1699. The department may make separate payments directly
4 to qualifying hospitals serving a disproportionate share of
5 indigent patients. If direct payment for DSH is made to qualifying
6 hospitals for services to Medicaid clients, hospitals will not
7 include DSH payments in their contracts with HMOs.

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

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

17 (a) Payments by case and in the aggregate shall not exceed 70%
18 of Medicare payment rates.

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

23 (2) To ensure that total expenditures stay within the spending
24 constraints of subsection (1)(b), the department shall develop a
25 utilization adjustor for the basic 2-tier payment methodology. The
26 adjustor shall be based on a good faith estimate by the department
27 as to what the expected utilization of emergency room services will

1 be during fiscal year 2005-2006, given changes in the number and
2 category of Medicaid recipients. If expenditure and utilization
3 data indicate that the amount and/or type of emergency physician
4 professional services are exceeding the department's estimate, the
5 utilization adjustor shall be applied to the 2-tier reimbursement
6 methodology in such a manner as to reduce aggregate expenditures to
7 the fiscal year 2001-2002 adjusted expenditure target.

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

16 (2) Except as otherwise specified in this section, "rural"
17 means a county, city, village, or township with a population of not
18 more than 30,000, including those entities if located within a
19 metropolitan statistical area.

20 Sec. 1713. (1) The department, in conjunction with the
21 Michigan dental association, shall undertake a study to determine
22 the level of participation by Michigan licensed dentists in the
23 state's Medicaid program. The study shall identify the distribution
24 of dentists throughout the state, the volume of Medicaid recipients
25 served by each participating dentist, and areas in the state
26 underserved for dental services.

27 (2) The study described in subsection (1) shall also include

1 an assessment of what factors may be related to the apparent low
2 participation by dentists in the Medicaid program, and the study
3 shall make recommendations as to how these barriers to
4 participation may be reduced or eliminated.

5 (3) This study shall be provided to the senate and house
6 appropriations subcommittees on community health and the senate and
7 house fiscal agencies no later than April 1, 2006.

8 Sec. 1717. (1) The department shall create 2 pools for
9 distribution of disproportionate share hospital funding. The first
10 pool, totaling \$45,000,000.00, shall be distributed using the
11 distribution methodology used in fiscal year 2003-2004. The second
12 pool, totaling \$5,000,000.00, shall be distributed to unaffiliated
13 hospitals and hospital systems that received less than \$900,000.00
14 in disproportionate share hospital payments in fiscal year 2003-
15 2004 based on a formula that is weighted proportional to the
16 product of each eligible system's Medicaid revenue and each
17 eligible system's Medicaid utilization.

18 (2) By November 1, 2005, the department shall report to the
19 senate and house appropriations subcommittees on community health
20 and the senate and house fiscal agencies on the new distribution of
21 funding to each eligible hospital from the 2 pools.

22 Sec. 1718. The department shall provide each Medicaid adult
23 home help beneficiary or applicant with the right to a fair hearing
24 when the department or its agent reduces, suspends, terminates, or
25 denies adult home help services. If the department takes action to
26 reduce, suspend, terminate, or deny adult home help services, it
27 shall provide the beneficiary or applicant with a written notice

1 that states what action the department proposes to take, the
2 reasons for the intended action, the specific regulations that
3 support the action, and an explanation of the beneficiary's or
4 applicant's right to an evidentiary hearing and the circumstances
5 under which those services will be continued if a hearing is
6 requested.

7 Sec. 1722. The department is authorized to make a
8 disproportionate share payment to a hospital above the
9 appropriation in part 1 if the necessary Medicaid matching funds
10 are provided by, or on behalf of, the hospital as allowable state
11 match.

12 Sec. 1724. The department shall allow licensed pharmacies to
13 purchase injectable drugs for the treatment of respiratory
14 syncytial virus for shipment to physicians' offices to be
15 administered to specific patients. If the affected patients are
16 Medicaid eligible, the department shall reimburse pharmacies for
17 the dispensing of the injectable drugs and reimburse physicians for
18 the administration of the injectable drugs.

19 Sec. 1725. Effective on October 1, 2005, a licensed hospital
20 bed that is under contract with this state for ventilator dependent
21 care shall be considered an acute care bed for purposes of the
22 hospital quality assessment program and shall be assessed and
23 reimbursed under the quality assessment program the same as an
24 acute care bed regardless of payment methodology. This policy
25 change shall be implemented after the department of community
26 health secures the necessary state plan amendment from the federal
27 government.

1 Sec. 1726. Any clinical laboratory performing a creatinine
2 test on a Medicaid client shall report the glomerular filtration
3 rate (eGFR) of the patient and shall report it as a percent of
4 kidney function remaining.

5 Sec. 1727. In order to increase tetanus/diphtheria
6 immunization compliance for those 65 years of age or older, the
7 department shall offer tetanus/diphtheria immunization in
8 conjunction with its mandatory annual provision of influenza
9 immunization to those residing in long-term care facilities.

10 Sec. 1728. The department shall make available to qualifying
11 Medicaid recipients, not based on Medicare guidelines,
12 freestanding, electric, lifting, and transferring devices.

13 Sec. 1729. From the funds appropriated in part 1 for health
14 plan services, the department shall assure that GME funds are
15 distributed to qualifying hospitals using a methodology developed
16 in consultation with the graduate medical education advisory group.
17 The advisory group shall include representatives of the Michigan
18 health and hospital association and Michigan association of health
19 plans. If the department and the advisory group are unable to reach
20 a consensus on the distribution methodology, the department shall
21 initiate a legislative transfer to transfer the GME funds from
22 health plan services to hospital services and therapy and
23 distribute the GME funds using the mechanism in place in fiscal
24 year 2003-2004.