

# HOUSE BILL No. 4379

## EXECUTIVE BUDGET BILL

February 23, 2005, Introduced by Rep. Whitmer and referred to the Committee on Appropriations.

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:

#### PART 1

#### LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of

1 community health for the fiscal year ending September 30, 2006,  
 2 from the funds indicated in this part. The following is a summary  
 3 of the appropriations in this part:

4 **DEPARTMENT OF COMMUNITY HEALTH**

5 APPROPRIATION SUMMARY:

6	Full-time equated unclassified positions.....	6.0	
7	Full-time equated classified positions.....	4,693.1	
8	Average population.....	1,135.0	
9	GROSS APPROPRIATION.....		\$ 10,240,883,200
10	Interdepartmental grant revenues:		
11	Total interdepartmental grants and intradepartmental		
12	transfers .....		34,485,400
13	ADJUSTED GROSS APPROPRIATION.....		\$ 10,206,397,800
14	Federal revenues:		
15	Total federal revenues.....		5,467,496,800
16	Special revenue funds:		
17	Total local revenues.....		235,430,800
18	Total private revenues.....		59,470,100
19	Merit award trust fund.....		50,300,000
20	Tobacco settlement trust fund.....		72,000,000
21	Total other state restricted revenues.....		1,401,060,600
22	State general fund/general purpose.....		\$ 2,920,639,500
23	<b>Sec. 102. DEPARTMENTWIDE ADMINISTRATION</b>		
24	Full-time equated unclassified positions.....	6.0	
25	Full-time equated classified positions.....	218.0	
26	Director and other unclassified--6.0 FTE positions...		\$ 581,500
27	Community health advisory council.....		8,000

1	Departmental administration and management--208.0	
2	FTE positions .....	21,899,800
3	Worker's compensation program.....	8,558,700
4	Rent and building occupancy.....	8,259,300
5	Developmental disabilities council and	
6	projects--10.0 FTE positions .....	<u>2,679,800</u>
7	GROSS APPROPRIATION.....	\$ 41,987,100
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	11,518,800
11	Special revenue funds:	
12	Total private revenues.....	35,900
13	Total other state restricted revenues.....	2,978,200
14	State general fund/general purpose.....	\$ 27,454,200
15	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
16	ADMINISTRATION AND SPECIAL PROJECTS	
17	Full-time equated classified positions..... 112.0	
18	Mental health/substance abuse program	
19	administration--111.0 FTE positions.....	\$ 12,590,600
20	Consumer involvement program.....	189,100
21	Gambling addiction--1.0 FTE position.....	3,500,000
22	Protection and advocacy services support.....	746,400
23	Mental health initiatives for older persons.....	1,049,200
24	Community residential and support services.....	2,971,200
25	Highway safety projects.....	750,000
26	Federal and other special projects.....	3,895,400
27	Family support subsidy.....	17,935,000

1	Housing and support services.....	<u>7,237,200</u>
2	GROSS APPROPRIATION.....	\$ 50,864,100
3	Federal revenues:	
4	Total federal revenues.....	32,310,500
5	Special revenue funds:	
6	Total private revenues.....	190,000
7	Total other state restricted revenues.....	4,127,900
8	State general fund/general purpose.....	\$ 14,235,700
9	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE</b>	
10	<b>SERVICES PROGRAMS</b>	
11	Full-time equated classified positions..... 9.5	
12	Medicaid mental health services.....	\$ 1,569,659,400
13	Community mental health non-Medicaid services.....	312,598,300
14	Medicaid adult benefits waiver.....	40,000,000
15	Multicultural services.....	3,663,800
16	Medicaid substance abuse services.....	33,321,400
17	Respite services.....	1,000,000
18	CMHSP, purchase of state services contracts.....	129,483,700
19	Civil service charges.....	1,765,500
20	Federal mental health block grant--2.5 FTE positions .	15,345,200
21	State disability assistance program substance abuse	
22	services .....	2,509,800
23	Community substance abuse prevention, education, and	
24	treatment programs .....	85,219,100
25	Children's waiver home care program.....	19,549,800
26	Omnibus reconciliation act implementation--7.0 FTE	
27	positions .....	<u>13,466,200</u>

1	GROSS APPROPRIATION.....	\$ 2,227,582,200
2	Appropriated from:	
3	Federal revenues:	
4	Total federal revenues.....	1,037,401,100
5	Special revenue funds:	
6	Total local revenues.....	26,072,100
7	Total other state restricted revenues.....	90,533,900
8	State general fund/general purpose.....	\$ 1,073,575,100
9	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR</b>	
10	<b>PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC</b>	
11	<b>AND PRISON MENTAL HEALTH SERVICES</b>	
12	Total average population .....	1,135.0
13	Full-time equated classified positions.....	2,976.2
14	Caro regional mental health center-psychiatric	
15	hospital-adult--475.7 FTE positions.....	\$ 41,042,600
16	Average population .....	205.0
17	Kalamazoo psychiatric hospital-adult--518.1 FTE	
18	positions .....	41,925,900
19	Average population .....	200.0
20	Walter P. Reuther psychiatric hospital-adult--444.6	
21	FTE positions .....	41,123,100
22	Average population .....	240.0
23	Hawthorn center-psychiatric hospital-children and	
24	adolescents--224.4 FTE positions.....	20,542,300
25	Average population .....	66.0
26	Mount Pleasant center-developmental	
27	disabilities--496.0 FTE positions.....	39,558,100

1	Average population .....	199.0	
2	Center for forensic psychiatry--493.0 FTE positions ..		47,418,400
3	Average population.....	225.0	
4	Forensic mental health services provided to the		
5	department of corrections--313.4 FTE positions.....		33,240,200
6	Revenue recapture.....		750,000
7	IDEA, federal special education.....		120,000
8	Special maintenance and equipment.....		335,300
9	Purchase of medical services for residents of		
10	hospitals and centers .....		2,045,600
11	Closed site, transition, and related costs--11.0 FTE		
12	positions .....		641,400
13	Severance pay.....		216,900
14	Gifts and bequests for patient living and treatment		
15	environment .....		<u>1,000,000</u>
16	GROSS APPROPRIATION.....	\$	269,959,800
17	Appropriated from:		
18	Interdepartmental grant revenues:		
19	Interdepartmental grant from the department of		
20	corrections .....		33,240,200
21	Federal revenues:		
22	Total federal revenues.....		34,070,500
23	Special revenue funds:		
24	CMHSP, purchase of state services contracts.....		129,483,700
25	Other local revenues.....		15,146,200
26	Total private revenues.....		1,000,000
27	Total other state restricted revenues.....		10,157,100

1	State general fund/general purpose.....	\$	46,862,100
2	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>		
3	Full-time equated classified positions.....	83.4	
4	Public health administration--11.0 FTE positions.....	\$	1,729,000
5	Minority health grants and contracts.....		1,550,000
6	Vital records and health statistics--72.4 FTE		
7	positions .....		<u>7,458,800</u>
8	GROSS APPROPRIATION.....	\$	10,737,800
9	Appropriated from:		
10	Interdepartmental grant revenues:		
11	Interdepartmental grant from family independence		
12	agency .....		710,500
13	Federal revenues:		
14	Total federal revenues.....		2,765,100
15	Special revenue funds:		
16	Total other state restricted revenues.....		5,764,600
17	State general fund/general purpose.....	\$	1,497,600
18	<b>Sec. 107. HEALTH POLICY, REGULATION AND PROFESSIONS</b>		
19	Full-time equated classified positions.....	396.2	
20	Health systems administration--193.6 FTE positions...	\$	20,828,100
21	Emergency medical services program--8.5 FTE		
22	positions .....		2,041,200
23	Radiological health administration--25.0 FTE		
24	positions .....		2,372,100
25	Substance abuse program administration--4.0 FTE		
26	positions .....		433,400
27	Health professions--120.0 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	
6	FTE positions .....	1,683,400
7	Rural health services--1.0 FTE position.....	1,251,900
8	Michigan essential health provider.....	1,392,600
9	Primary care services--1.4 FTE positions.....	<u>2,296,000</u>
10	GROSS APPROPRIATION.....	\$ 48,723,900
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Interdepartmental grant from treasury.....	113,900
14	Federal revenues:	
15	Total federal revenues.....	19,614,400
16	Special revenue funds:	
17	Total local revenues.....	150,000
18	Total private revenues.....	546,300
19	Total other state restricted revenues.....	21,581,900
20	State general fund/general purpose.....	\$ 6,717,400
21	<b>Sec. 108. INFECTIOUS DISEASE CONTROL</b>	
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	<b>Sec. 109. LABORATORY SERVICES</b>	
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	<b>Sec. 110. EPIDEMIOLOGY</b>	
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 .....	3,986,200
6	Tuberculosis control and recalcitrant AIDS program ...	<u>867,000</u>
7	GROSS APPROPRIATION.....	\$ 68,992,500
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.....	4,174,700
14	State general fund/general purpose.....	\$ 2,080,200
15	<b>Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
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.....	35,468,400
21	Medical services cost reimbursement to local health	
22	departments .....	<u>3,110,000</u>
23	GROSS APPROPRIATION.....	\$ 40,681,500
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 .....	\$ 35,544,900
3	<b>Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION</b>	
4	<b>AND HEALTH PROMOTION</b>	
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 .....	14,824,200
12	Chronic disease prevention--1.0 FTE position .....	5,375,700
13	Diabetes and kidney program--9.1 FTE positions .....	3,640,000
14	Health education, promotion, and research	
15	programs--9.3 FTE positions .....	1,082,900
16	Injury control intervention project--1.0 FTE	
17	position .....	527,900
18	Michigan Parkinson's foundation .....	100,000
19	Morris Hood Wayne State University diabetes outreach .	400,000
20	Physical fitness, nutrition, and health .....	1,000,000
21	Public health traffic safety coordination--1.7 FTE	
22	positions .....	584,900
23	Smoking prevention program--13.1 FTE positions .....	6,277,500
24	Tobacco tax collection and enforcement .....	610,000
25	Violence prevention--2.0 FTE positions .....	<u>1,892,300</u>
26	GROSS APPROPRIATION .....	\$ 38,438,100
27	Appropriated from:	

1	Federal revenues:	
2	Total federal revenues.....	19,655,800
3	Special revenue funds:	
4	Total private revenues.....	85,000
5	Total other state restricted revenues.....	17,589,200
6	State general fund/general purpose.....	\$ 1,108,100
7	<b>Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH</b>	
8	<b>SERVICES</b>	
9	Full-time equated classified positions.....	45.4
10	Childhood lead program--5.8 FTE positions.....	\$ 2,522,300
11	Dental programs.....	335,400
12	Dental program for persons with developmental	
13	disabilities .....	151,000
14	Early childhood collaborative secondary prevention...	524,000
15	Family, maternal, and children's health	
16	administration--39.6 FTE positions.....	4,648,800
17	Family planning local agreements.....	12,270,300
18	Local MCH services.....	7,264,200
19	Migrant health care.....	272,200
20	Pediatric AIDS prevention and control.....	1,176,800
21	Pregnancy prevention program.....	5,846,100
22	Prenatal care outreach and service delivery support ..	3,049,300
23	School health and education programs.....	500,000
24	Special projects.....	5,784,900
25	Sudden infant death syndrome program.....	<u>321,300</u>
26	GROSS APPROPRIATION.....	\$ 44,666,600
27	Appropriated from:	

1	Federal revenues:	
2	Total federal revenues.....	31,205,600
3	Special revenue funds:	
4	Total other state restricted revenues.....	8,414,000
5	State general fund/general purpose.....	\$ 5,047,000
6	<b>Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND</b>	
7	<b>NUTRITION PROGRAMS</b>	
8	Full-time equated classified positions.....	41.0
9	Women, infants, and children administration and	
10	special projects--41.0 FTE positions.....	\$ 6,498,800
11	Women, infants, and children local agreements	
12	and food costs .....	<u>179,272,000</u>
13	GROSS APPROPRIATION.....	\$ 185,770,800
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues.....	132,538,400
17	Special revenue funds:	
18	Total private revenues.....	53,232,400
19	State general fund/general purpose.....	\$ 0
20	<b>Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>	
21	Full-time equated classified positions.....	43.0
22	Children's special health care services	
23	administration--43.0 FTE positions.....	\$ 3,846,800
24	Amputee program.....	184,600
25	Bequests for care and services.....	1,889,100
26	Outreach and advocacy.....	3,773,500
27	Conveyor contract.....	1,235,300

1	Medical care and treatment.....		<u>207,800,900</u>
2	GROSS APPROPRIATION.....	\$	218,730,200
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		106,499,000
6	Special revenue funds:		
7	Total private revenues.....		1,000,000
8	Total other state restricted revenues.....		4,070,200
9	State general fund/general purpose.....	\$	107,161,000
10	<b>Sec. 116. OFFICE OF DRUG CONTROL POLICY</b>		
11	Full-time equated classified positions..... 16.0		
12	Drug control policy--16.0 FTE positions.....	\$	2,105,900
13	Anti-drug abuse grants.....		24,970,300
14	Interdepartmental grant to judiciary for drug		
15	treatment courts .....		<u>1,800,000</u>
16	GROSS APPROPRIATION.....	\$	28,876,200
17	Appropriated from:		
18	Federal revenues:		
19	Total federal revenues.....		28,516,200
20	Special revenue funds:		
21	State general fund/general purpose.....	\$	360,000
22	<b>Sec. 117. CRIME VICTIM SERVICES COMMISSION</b>		
23	Full-time equated classified positions..... 10.0		
24	Grants administration services--10.0 FTE positions...	\$	1,044,900
25	Justice assistance grants.....		13,000,000
26	Crime victim rights services grants.....		<u>9,655,300</u>
27	GROSS APPROPRIATION.....	\$	23,700,200

1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues.....	14,622,200
4	Special revenue funds:	
5	Total other state restricted revenues.....	9,078,000
6	State general fund/general purpose.....	\$ 0
7	<b>Sec. 118. OFFICE OF SERVICES TO THE AGING</b>	
8	Full-time equated classified positions.....	36.5
9	Commission (per diem \$50.00).....	\$ 10,500
10	Office of services to aging administration--36.5 FTE	
11	positions .....	5,188,600
12	Community services.....	35,059,700
13	Nutrition services.....	37,290,500
14	Senior volunteer services.....	5,574,900
15	Employment assistance.....	2,818,300
16	Respite care program.....	<u>7,600,000</u>
17	GROSS APPROPRIATION.....	\$ 93,542,500
18	Appropriated from:	
19	Federal revenues:	
20	Total federal revenues.....	52,162,700
21	Special revenue funds:	
22	Total private revenues.....	105,000
23	Tobacco settlement trust fund.....	5,000,000
24	Total other state restricted revenues.....	2,767,000
25	State general fund/general purpose.....	\$ 33,507,800
26	<b>Sec. 119. MEDICAL SERVICES ADMINISTRATION</b>	
27	Full-time equated classified positions.....	336.4

1	Medical services administration--336.4 FTE positions .	\$	54,588,200
2	Facility inspection contract - state police .....		132,800
3	MIChild administration.....		<u>4,327,800</u>
4	GROSS APPROPRIATION.....	\$	59,048,800
5	Appropriated from:		
6	Federal revenues:		
7	Total federal revenues.....		41,640,700
8	Special revenue funds:		
9	State general fund/general purpose.....	\$	17,408,100
10	<b>Sec. 120. MEDICAL SERVICES</b>		
11	Hospital services and therapy.....	\$	1,223,365,400
12	Hospital disproportionate share payments .....		50,000,000
13	Physician services.....		289,875,100
14	Medicare premium payments.....		272,705,600
15	Pharmaceutical services.....		347,223,400
16	Home health services.....		55,777,200
17	Transportation.....		8,738,300
18	Auxiliary medical services.....		115,379,700
19	Long-term care services.....		1,677,952,600
20	Elder prescription insurance coverage.....		3,900,000
21	Health plan services.....		1,890,668,400
22	MIChild program.....		47,875,600
23	Medicaid adult benefits waiver.....		95,696,400
24	Maternal and child health.....		20,279,500
25	Social services to the physically disabled.....		1,344,900
26	Federal Medicare pharmaceutical program.....		174,855,500
27	Third share program.....		10,000,000



1	Subtotal basic medical services program.....	6,285,637,600
2	School-based services.....	68,621,100
3	Special adjustor payments.....	332,856,900
4	Subtotal special medical services payments.....	<u>401,478,000</u>
5	GROSS APPROPRIATION.....	\$ 6,687,115,600
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	3,775,332,500
9	Special revenue funds:	
10	Total local revenues.....	64,578,800
11	Merit award trust fund.....	50,300,000
12	Tobacco settlement trust fund.....	67,000,000
13	Total other state restricted revenues.....	1,202,643,900
14	State general fund/general purpose.....	\$ 1,527,260,400
15	<b>Sec. 121. INFORMATION TECHNOLOGY</b>	
16	Information technology services and projects.....	31,155,000
17	Michigan Medicaid information system.....	\$ <u>100</u>
18	GROSS APPROPRIATION.....	\$ 31,155,100
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues.....	18,603,900
22	Special revenue funds:	
23	Total other state restricted revenues.....	3,014,700
24	State general fund/general purpose.....	\$ 9,536,500

## PART 2

## PROVISIONS CONCERNING

## APPROPRIATIONS

**GENERAL SECTIONS**

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 \$4,444,000,100.00 and state spending from state resources to be paid to units of local government for fiscal year 2005-2006 is \$1,022,374,900.00. The itemized statement below identifies appropriations from which spending to units of local 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 .....	568,411,300
Community mental health non-Medicaid services .....	312,598,300
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 PROFESIONS	
Health professions .....	275,000

1	INFECTIOUS DISEASE CONTROL	
2	AIDS prevention, testing and care programs .....	1,400,000
3	Immunization local agreements .....	2,200,000
4	Sexually transmitted disease control local agreements	421,800
5	LABORATORY SERVICES	
6	Laboratory services .....	54,000
7	LOCAL HEALTH ADMINISTRATION AND GRANTS	
8	Implementation of 1993 PA 133, MCL 333.17015 .....	7,700
9	Local public health operations .....	35,468,400
10	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
11	Cancer prevention and control program .....	120,700
12	Diabetes and kidney program .....	295,800
13	Smoking prevention program .....	1,660,300
14	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES	
15	Childhood lead program .....	50,000
16	Dental programs .....	25,000
17	Family planning local agreements .....	360,000
18	School health and education programs .....	500,000
19	Local MCH services .....	246,100
20	Pregnancy prevention program .....	2,300,000
21	Prenatal care outreach and service delivery support ..	636,000
22	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
23	Outreach and advocacy .....	1,283,200
24	CRIME VICTIM SERVICES COMMISSION	
25	Crime victim rights services grants .....	5,432,100
26	OFFICE OF SERVICES TO THE AGING	
27	Community services .....	14,689,800

1	Nutrition services.....	11,447,300
2	Senior volunteer services.....	1,153,400
3	Respite care program.....	4,400,000
4	MEDICAL SERVICES	
5	Transportation.....	<u>1,275,300</u>
6	TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT.....	\$ 1,022,374,900

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

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

12     Sec. 203. As used in this bill:

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

14     (b) "CMHSP" means a community mental health services program as  
15     that term is defined in section 100a of the mental health code,  
16     1974 PA 258, MCL 330.1100a.

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

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

20     (e) "EPIC" means elder prescription insurance coverage 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 act,  
13 42 USC 1395 to 1395hhh.

14 (s) "Title XIX" means title XIX of the social security act,  
15 42 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  
20 program.

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

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

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

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

17 Sec. 206. (1) In addition to the funds appropriated in part 1,  
18 there is appropriated an amount not to exceed \$100,000,000.00 for  
19 federal contingency funds. These funds are not available for  
20 expenditure until they have been transferred to another line item  
21 in this bill under section 393(2) of the management and budget act,  
22 1984 PA 431, MCL 18.1393.

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

1 1984 PA 431, MCL 18.1393.

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

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

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

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

27 Sec. 210. The director shall take all reasonable steps to

1 ensure businesses in deprived and depressed communities compete for  
2 and perform contracts to provide services or supplies, or both.

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

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

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

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

24 (2) The department's ability to satisfy appropriation deductions  
25 in part 1 shall not be limited to collections and accruals  
26 pertaining to services provided in the current fiscal year, but  
27 shall also include reimbursements, refunds, adjustments, and



1 settlements from prior years.

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

10       Sec. 219. The department may contract with the Michigan public  
11 health institute for the design and implementation of projects and  
12 for other public health related activities prescribed in section  
13 2611 of the public health code, 1978 PA 368, MCL 333.2611. The  
14 department may develop a master agreement with the institute to  
15 carry out these purposes for up to a 3-year period. The department  
16 shall report to the house of representatives and senate  
17 appropriations subcommittees on community health, the house and  
18 senate fiscal agencies, and the state budget director on or before  
19 November 1, 2005 and May 1, 2006 all of the following:

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

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

24       (c) The expected project duration.

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

27       Sec. 220. All contracts with the Michigan public health

1 institute funded with appropriations in part 1 shall include a  
2 requirement that the Michigan public health institute submit to  
3 financial and performance audits by the state auditor general of  
4 projects funded with state appropriations.

5 Sec. 223. The department of community health may establish and  
6 collect fees for publications, videos and related materials,  
7 conferences, and workshops. Collected fees shall be used to offset  
8 expenditures to pay for printing and mailing costs of the  
9 publications, videos and related materials, and costs of the  
10 workshops and conferences. The costs shall not exceed fees  
11 collected.

12 Sec. 259. From the funds appropriated in part 1 for information  
13 technology, the department shall pay user fees to the department of  
14 information technology for technology-related services and  
15 projects. Such user fees shall be subject to provisions of an  
16 interagency agreement between the department and the department of  
17 information technology.

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

25 Sec. 261. Funds appropriated in part 1 for the Medicaid  
26 management information system upgrade are contingent upon approval  
27 of an advanced planning document from the centers for Medicare and

1 Medicaid services. If the necessary matching funds are identified  
2 and legislatively transferred to this line item, the corresponding  
3 federal Medicaid revenue shall be appropriated at a 90/10  
4 federal/state match rate. This appropriation may be designated as  
5 a work project and carried forward to support completion of this  
6 project.

7 Sec. 266. (1) Due to the current budgetary problems in this  
8 state, out-of-state travel for the fiscal year ending September 30,  
9 2006 shall be limited to situations in which 1 or more of the  
10 following conditions apply:

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

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

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

19 (d) The travel is necessary to comply with federal  
20 requirements.

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

23 (f) The travel is financed entirely by federal or nonstate  
24 funds.

25 (2) If out-of-state travel is necessary but does not meet 1 or  
26 more of the conditions in subsection (1), the state budget director  
27 may grant an exception to allow the travel. Any exceptions granted

1 by the state budget director shall be reported on a monthly basis  
2 to the senate and house of representatives standing committees on  
3 appropriations.

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

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

15 (b) The destination of each travel occurrence.

16 (c) The dates of each travel occurrence.

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

18 (e) The transportation and related costs of each travel  
19 occurrence, including the proportion funded with state general  
20 fund/general purpose revenues, the proportion funded with state  
21 restricted revenues, the proportion funded with federal revenues,  
22 and the proportion funded with other revenues.

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

25 **DEPARTMENTWIDE ADMINISTRATION**

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

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

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

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

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

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

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

20 (c) The coordination of inpatient and outpatient hospital  
21 services through agreements with state-operated psychiatric  
22 hospitals, units, and centers in facilities owned or leased by the  
23 state, and privately-owned hospitals, units, and centers licensed  
24 by the state pursuant to sections 134 through 149b of the mental  
25 health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

26 (d) Individualized plans of service that are sufficient to meet  
27 the needs of individuals, including those discharged from

1 psychiatric hospitals or centers, and that ensure the full range of  
2 recipient needs is addressed through the CMHSP's or specialty  
3 prepaid health plan's program or through assistance with locating  
4 and obtaining services to meet these needs.

5 (e) A system of case management to monitor and ensure the  
6 provision of services consistent with the individualized plan of  
7 services or supports.

8 (f) A system of continuous quality improvement.

9 (g) A system to monitor and evaluate the mental health services  
10 provided.

11 (h) A system that serves at-risk and delinquent youth as  
12 required under the provisions of the mental health code, 1974 PA  
13 258, MCL 330.1001 to 330.2106.

14 Sec. 402. (1) From funds appropriated in part 1, final  
15 authorizations to CMHSPs or specialty prepaid health plans shall be  
16 made upon the execution of contracts between the department and  
17 CMHSPs or specialty prepaid health plans. The contracts shall  
18 contain an approved plan and budget as well as policies and  
19 procedures governing the obligations and responsibilities of both  
20 parties to the contracts. Each contract with a CMHSP or specialty  
21 prepaid health plan that the department is authorized to enter into  
22 under this subsection shall include a provision that the contract  
23 is not valid unless the total dollar obligation for all of the  
24 contracts between the department and the CMHSPs or specialty  
25 prepaid health plans entered into under this subsection for fiscal  
26 year 2005-2006 does not exceed the amount of money appropriated in  
27 part 1 for the contracts authorized under this subsection.

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

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

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

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

13       Sec. 404. (1) Not later than May 31 of each fiscal year, the  
14 department shall provide a report on the community mental health  
15 services programs to the members of the house of representatives  
16 and senate appropriations subcommittees on community health, the  
17 house and senate fiscal agencies, and the state budget director  
18 that includes the information required by this section.

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

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

25       (b) When the encounter data is available, a breakdown of  
26 clients served, by diagnosis. As used in this subdivision,  
27 "diagnosis" means a recipient's primary diagnosis, stated as a

1 specifically named mental illness, emotional disorder, or  
2 developmental disability corresponding to terminology employed in  
3 the latest edition of the American psychiatric association's  
4 diagnostic and statistical manual.

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

6 (d) Financial information which, minimally, shall include a  
7 description of funding authorized; expenditures by client group and  
8 fund source; and cost information by service category, including  
9 administration. Service category shall include all department  
10 approved services.

11 (e) Data describing service outcomes which shall include, but  
12 not be limited to, an evaluation of consumer satisfaction, consumer  
13 choice, and quality of life concerns including, but not limited to,  
14 housing and employment.

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

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

19 (ii) The number of people who requested services but did not  
20 receive services.

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

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

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

27 (h) An analysis of information provided by community mental



1 health service programs in response to the needs assessment  
2 requirements of the mental health code, including information about  
3 the number of persons in the service delivery system who have  
4 requested and are clinically appropriate for different services.

5 (i) An estimate of the number of FTEs employed by the CMHSPs or  
6 specialty prepaid health plans or contracted with directly by the  
7 CMHSPs or specialty prepaid health plans as of September 30, 2005  
8 and an estimate of the number of FTEs employed through contracts  
9 with provider organizations as of September 30, 2005.

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

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

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

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

20 (ii) Performance indicator information required to be submitted  
21 to the department in the contracts with CMHSPs or specialty prepaid  
22 health plans.

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

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

1 or specialty prepaid health plans.

2 Sec. 405. It is the intent of the legislature that the employee  
3 wage pass-through funded in previous years to the community mental  
4 health services programs for direct care workers in local  
5 residential settings and for paraprofessional and other  
6 nonprofessional direct care workers in day programs, supported  
7 employment, and other vocational programs shall continue to be paid  
8 to direct care workers.

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

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

23 Sec. 407. (1) The amount appropriated in part 1 for substance  
24 abuse prevention, education, and treatment grants shall be expended  
25 for contracting with coordinating agencies. Coordinating agencies  
26 shall work with the CMHSPs or specialty prepaid health plans to  
27 coordinate the care and services provided to individuals with both

1 mental illness and substance abuse diagnoses.

2 (2) The department shall approve a fee schedule for each  
3 substance abuse coordinating agency providing substance abuse  
4 services and charge participants in accordance with their ability  
5 to pay.

6 Sec. 408. (1) By April 15, 2006, the department shall report  
7 the following data from fiscal year 2004-2005 on substance abuse  
8 prevention, education, and treatment programs to the senate and  
9 house of representatives appropriations subcommittees on community  
10 health, the senate and house fiscal agencies, and the state budget  
11 office:

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

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

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

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

27 (2) The department shall take all reasonable actions to ensure

1 that the required data reported are complete and consistent among  
2 all coordinating agencies.

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

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

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

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

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

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

1 care program.

2 Sec. 424. Each community mental health services program or  
3 specialty prepaid health plan that contracts with the department to  
4 provide services to the Medicaid population shall adhere to the  
5 following timely claims processing and payment procedure for claims  
6 submitted by health professionals and facilities:

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

13 (b) A community mental health services program or specialty  
14 prepaid health plan must state in writing to the health  
15 professional or facility any defect in the claim within 30 days  
16 after receipt of the claim.

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

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

1 state matching portion of the Medicaid capitation payments made to  
2 a CMHSP or an affiliation of CMHSPs.

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

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

14 Sec. 439. (1) The department, in conjunction with CMHSPs, may  
15 support pilot projects that facilitate the movement of adults with  
16 mental illness from state psychiatric hospitals to community  
17 residential settings.

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

- 21 (a) A secured and supervised living environment.
- 22 (b) Assistance in taking prescribed medications.
- 23 (c) Intensive case management services.
- 24 (d) Assertive community treatment team services.
- 25 (e) Alcohol or substance abuse treatment and counseling.
- 26 (f) Individual or group therapy.
- 27 (g) Day or partial day programming activities.

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

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

5 (3) The pilot projects described in this section shall be  
6 completely voluntary.

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

12 Sec. 442. The department shall assure that persons enrolled in  
13 the adult benefit waiver shall receive mental health services under  
14 the priority population sections of the mental health code, 1974 PA  
15 258, MCL 330.1001 to 330.2106.

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

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

24 (2) The department shall continue a revenue recapture project to  
25 generate additional revenues from third parties related to cases  
26 that have been closed or are inactive. Upon approval by the state  
27 budget director, such revenues may be allotted and spent for



1 departmental costs and contractual fees associated with these  
2 retroactive collections and to improve ongoing departmental  
3 reimbursement management functions.

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

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

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

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

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

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

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

8 (2) The department shall semiannually report the information in  
9 subsection (1) 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.

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

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

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

1 community health and the state budget director.

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

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

16 **PUBLIC HEALTH ADMINISTRATION**

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

22 **HEALTH POLICY, REGULATION AND PROFESSIONS**

23 Sec. 704. The funds appropriated in part 1 for the Michigan  
24 essential health care provider program may also provide loan  
25 repayment for dentists that fit the criteria established by part 27  
26 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

27 Sec. 705. From the funds appropriated in part 1 for primary

1 care services, an amount not to exceed \$2,296,000.00 is  
2 appropriated to enhance the service capacity of the federally  
3 qualified health centers and other health centers which are similar  
4 to federally qualified health centers.

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

9 Sec. 707. The funds appropriated in part 1 for the nurse  
10 scholarship program, established in section 16315 of the public  
11 health code, 1978 PA 368, MCL 333.16315, may be used to increase  
12 the number of nurses practicing in Michigan. The board of nursing  
13 is encouraged to structure scholarships funded under this bill in a  
14 manner that rewards recipients who intend to practice nursing in  
15 Michigan. In addition, the department and the board of nursing  
16 shall work cooperatively with the Michigan higher education  
17 assistance authority to coordinate scholarship assistance with  
18 scholarships provided pursuant to the Michigan nursing scholarship  
19 act, 2002 PA 591, MCL 390.1181 to 390.1189.

20 Sec. 708. Nursing facilities shall report in the quarterly  
21 staff report to the department, the total patient care hours  
22 provided each month, by state licensure and certification  
23 classification, and the percentage of pool staff, by state  
24 licensure and certification classification, used each month during  
25 the preceding quarter. The department shall make available to the  
26 public, the quarterly staff report compiled for all facilities  
27 including the total patient care hours and the percentage of pool

1 staff used, by classification.

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

10 **INFECTIOUS DISEASE CONTROL**

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

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

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

27 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

1       Sec. 901. The amount appropriated in part 1 for implementation  
2 of the 1993 amendments to sections 9161, 16221, 16226, 17014,  
3 17015, and 17515 of the public health code, 1978 PA 368, MCL  
4 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and  
5 333.17515, shall reimburse local health departments for costs  
6 incurred related to implementation of section 17015(18) of the  
7 public health code, 1978 PA 368, MCL 333.17015.

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

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

26       Sec. 904. (1) Funds appropriated in part 1 for local public  
27 health operations shall be prospectively allocated to local health

1 departments to support immunizations, infectious disease control,  
2 sexually transmitted disease control and prevention, food  
3 protection, public water supply, private groundwater supply, and  
4 on-site sewage management. Food protection shall be provided in  
5 consultation with the Michigan department of agriculture. Public  
6 water supply, private groundwater supply, and on-site sewage  
7 management shall be provided in consultation with the Michigan  
8 department of environmental quality.

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

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

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

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

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

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

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

4 (2) For purposes of complying with P.A. 164 of 2004,  
5 \$1,200,000.00 of the funds appropriated in part 1 for the smoking  
6 prevention program shall be used for the quit kit program that  
7 includes the nicotine patch or nicotine gum.

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

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

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

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

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

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

25 Sec. 1010. From the funds appropriated in part 1 for chronic  
26 disease prevention, \$400,000.00 may be allocated for osteoporosis  
27 prevention and treatment education.



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

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

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

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

16      Sec. 1101. The department shall review the basis for the  
17      distribution of funds to local health departments and other public  
18      and private agencies for the women, infants, and children food  
19      supplement program; family planning; and prenatal care outreach and  
20      service delivery support program and indicate the basis upon which  
21      any projected underexpenditures by local public and private  
22      agencies shall be reallocated to other local agencies that  
23      demonstrate need.

24      Sec. 1104. Before April 1, 2006, the department shall submit a  
25      report to the house and senate fiscal agencies and the state budget  
26      director on planned allocations from the amounts appropriated in  
27      part 1 for local MCH services, prenatal care outreach and service

1 delivery support, family planning local agreements, and pregnancy  
2 prevention programs. Using applicable federal definitions, the  
3 report shall include information on all of the following:

4 (a) Funding allocations.

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

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

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

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

27 (a) Teaches the gains to be realized by abstaining from sexual

1 activity.

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

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

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

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

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

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

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

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

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

26 Sec. 1107. Of the amount appropriated in part 1 for prenatal  
27 care outreach and service delivery support, not more than 10% shall

1 be expended for local administration, data processing, and  
2 evaluation.

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

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

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

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

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

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

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

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

10 (a) The department of education.

11 (b) The department of community health.

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

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

16 (e) The family independence agency.

17 (f) The department of state police.

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

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

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

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

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

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

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

16       (b) Provide medical care and treatment to eligible patients  
17 with cystic fibrosis who are 21 years of age or older and who are  
18 not otherwise covered by health insurance.

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

21       (d) Provide medical care and treatment to eligible patients  
22 with hereditary coagulation defects, commonly known as hemophilia,  
23 who are 21 years of age or older and who are not otherwise covered  
24 by health insurance.

25 **OFFICE OF DRUG CONTROL POLICY**

26       Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula  
27 grant program funding the department provides to local drug

1 treatment courts, the department shall provide \$1,800,000.00 in  
2 Byrne formula grant program funding to the judiciary by  
3 interdepartmental grant.

4 **OFFICE OF SERVICES TO THE AGING**

5 Sec. 1401. The appropriation in part 1 to the office of  
6 services to the aging, for community and nutrition services and  
7 home services, shall be restricted to eligible individuals at least  
8 60 years of age who fail to qualify for home care services under  
9 title XVIII, XIX, or XX.

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

13 Determining criteria shall include all of the following:

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

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

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

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

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

26 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco  
27 settlement funds to the office of services to the aging for the

1 respite care program shall be allocated in accordance with a long-  
2 term care plan developed by the long-term care working group  
3 established in section 1657 of 1998 PA 336 upon implementation of  
4 the plan. The use of the funds shall be for direct respite care or  
5 adult respite care center services. Not more than 10% of the  
6 amount allocated under this section shall be expended for  
7 administration and administrative purposes.

#### 8 **MEDICAL SERVICES**

9 Sec. 1601. The cost of remedial services incurred by residents  
10 of licensed adult foster care homes and licensed homes for the aged  
11 shall be used in determining financial eligibility for the  
12 medically needy. Remedial services include basic self-care and  
13 rehabilitation training for a resident.

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

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

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

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

27 Sec. 1605. (1) The protected income level for Medicaid coverage



1 determined pursuant to section 106(1)(b)(iii) of the social welfare  
2 act, 1939 PA 280, MCL 400.106, shall be 100% of the related public  
3 assistance standard.

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

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

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

20 (2) An applicant qualified as described in subsection (1) shall  
21 be given a letter of authorization to receive Medicaid covered  
22 services related to her pregnancy. All qualifying applicants shall  
23 be entitled to receive all medically necessary obstetrical and  
24 prenatal care without preauthorization from a health plan. All  
25 claims submitted for payment for obstetrical and prenatal care  
26 shall be paid at the Medicaid fee-for-service rate in the event a  
27 contract does not exist between the Medicaid participating

1 obstetrical or prenatal care provider and the managed care plan.  
2 The applicant shall receive a listing of Medicaid physicians and  
3 managed care plans in the immediate vicinity of the applicant's  
4 residence.

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

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

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

20 Sec. 1611. (1) For care provided to medical services recipients  
21 with other third-party sources of payment, medical services  
22 reimbursement shall not exceed, in combination with such other  
23 resources, including Medicare, those amounts established for  
24 medical services-only patients. The medical services payment rate  
25 shall be accepted as payment in full. Other than an approved  
26 medical services copayment, no portion of a provider's charge shall  
27 be billed to the recipient or any person acting on behalf of the

1 recipient. Nothing in this section shall be considered to affect  
2 the level of payment from a third-party source other than the  
3 medical services program. The department shall require a  
4 nonenrolled provider to accept medical services payments as payment  
5 in full.

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

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

18 (2) The department shall require a prescription copayment for  
19 Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a  
20 brand-name drug, except as prohibited by federal or state law or  
21 regulation.

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

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

27 (2) The department shall notify all HMOs, physicians,

1 pharmacies, and other medical providers that are enrolled in the  
2 Medicaid program that Medicaid policy allows for the dispensing of  
3 a 100-day supply for maintenance drugs.

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

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

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

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

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

25 Sec. 1630. (1) Medicaid coverage for podiatric services shall  
26 continue at not less than the level in effect on October 1, 2002,  
27 except that reasonable utilization limitations may be adopted in

1 order to prevent excess utilization.

2 (2) The department may implement the bulk purchase of hearing  
3 aids, impose limitations on binaural hearing aid benefits, and  
4 limit the replacement of hearing aids to once every 3 years.

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

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

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

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

25 Sec. 1649. From the funds appropriated in part 1 for medical  
26 services, the department shall continue breast and cervical cancer  
27 treatment coverage for women up to 250% of the federal poverty

1 level, who are under age 65, and who are not otherwise covered by  
2 insurance. This coverage shall be provided to women who have been  
3 screened through the centers for disease control breast and  
4 cervical cancer early detection program, and are found to have  
5 breast or cervical cancer, pursuant to the breast and cervical  
6 cancer prevention and treatment act of 2000, Public Law 106-354,  
7 114 Stat. 1381.

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

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

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

27 Sec. 1651. (1) Medical services patients who are enrolled in

1 HMOs have the choice to elect hospice services or other services  
2 for the terminally ill that are offered by the HMOs. If the  
3 patient elects hospice services, those services shall be provided  
4 in accordance with part 214 of the public health code, 1978 PA 368,  
5 MCL 333.21401 to 333.21420.

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

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

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

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

19 (c) Mandatory enrollment of Medicaid beneficiaries living in  
20 counties defined as rural by the federal government, which is any  
21 nonurban standard metropolitan statistical area, is allowed if  
22 there is only 1 HMO serving the Medicaid population, as long as  
23 each Medicaid beneficiary is assured of having a choice of at least  
24 2 physicians by the HMO.

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

27 (e) The department shall develop a case adjustment to its rate

1 methodology that considers the costs of persons with HIV/AIDS, end  
2 stage renal disease, organ transplants, and other high-cost  
3 diseases or conditions and shall implement the case adjustment when  
4 it is proven to be actuarially and fiscally sound. Implementation  
5 of the case adjustment must be budget neutral.

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

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

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

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

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



1 and approve fee-for-service coverage.

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

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

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

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

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

1 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

2 Sec. 1658. (1) HMOs shall have contracts with hospitals within  
3 a reasonable distance from their enrollees. If a hospital does not  
4 contract with the HMO, in its service area, that hospital shall  
5 enter into a hospital access agreement as specified in the MSA  
6 bulletin Hospital 01-19.

7 (2) A hospital access agreement specified in subsection (1)  
8 shall be considered an affiliated provider contract pursuant to the  
9 requirements contained in chapter 35 of the insurance code of 1956,  
10 1956 PA 218, MCL 500.3501 to 500.3580.

11 Sec. 1659. The following sections are the only ones that shall  
12 apply to the following Medicaid managed care programs, including  
13 the comprehensive plan, children's special health care services  
14 plan, MIChoice long-term care plan, and the mental health,  
15 substance abuse, and developmentally disabled services program:  
16 401, 402, 404, 414, 418, 424, 428, 1650, 1651, 1653, 1654, 1655,  
17 1656, 1657, 1658, 1660, 1661, 1662, 1664, and 1699.

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

22 (2) The primary responsibility of assuring a child's hearing and  
23 vision screening is with the child's primary care provider. The  
24 primary care provider shall provide age appropriate screening or  
25 arrange for these tests through referrals to local health  
26 departments.

27 (3) The department shall require Medicaid HMOs to provide EPSDT

1 utilization data through the encounter data system, and health  
2 employer data and information set well child health measures in  
3 accordance with the National Committee on Quality Assurance  
4 prescribed methodology.

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

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

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

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

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

7       Sec. 1662. (1) The department shall assure that an external  
8 quality review of each contracting HMO is performed that results in  
9 an analysis and evaluation of aggregated information on quality,  
10 timeliness, and access to health care services that the HMO or  
11 their contractors furnish to Medicaid beneficiaries.

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

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

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

26       Sec. 1663. If a Medicaid provider participates in the quality  
27 assurance assessment program, additional assessment revenues may be

1 used to offset the provider rate reductions in effect in fiscal  
2 year 2005-2006.

3 Sec. 1664. Of the appropriations in part 1 for health plan  
4 services and physician services, Medicaid physician rates shall be  
5 increased upon implementation of a physician quality assurance  
6 assessment program. With additional quality assurance assessment  
7 program revenues and the matching federal Medicaid funds above the  
8 part 1 appropriations, Medicaid physician rates may be increased up  
9 to one hundred percent of Medicare fee screens, in accordance with  
10 related legislation passed during the 2005-2006 legislative  
11 session.

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

27 (2) The department may provide up to 1 year of continuous

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

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

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

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

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

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

27 (6) The department may enter into contracts to obtain certain

1 MICHild services from community mental health service programs.

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

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

14 Sec. 1673. (1) The department may establish premiums for  
15 MICHild eligible persons in families with income above 150% of the  
16 federal poverty level. The monthly premiums shall not exceed  
17 \$15.00 for a family.

18 (2) The department shall not require copayments under the  
19 MICHild program.

20 Sec. 1680. Payment increases for enhanced wages and new or  
21 enhanced employee benefits provided in previous years through the  
22 Medicaid nursing home wage pass-through program shall be continued  
23 in fiscal year 2005-2006.

24 Sec. 1681. From the funds appropriated in part 1 for home and  
25 community-based services, the department and local waiver agents  
26 shall encourage the use of family members, friends, and neighbors  
27 of home and community-based services participants, where

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

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

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

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

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

27 Sec. 1685. All nursing home rates, class I and class III, must



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

10 Sec. 1686. The department shall limit the annual increase in  
11 the variable cost component of the Medicaid reimbursement rate for  
12 privately-owned and publicly-owned nursing facilities and  
13 privately-owned and publicly-owned hospital long-term care units to  
14 no more than the annual increase in the "Total" line of the centers  
15 for Medicare and Medicaid services' Nursing Home without Capital  
16 Market Basket index as reported by Global Insight in the Health-  
17 Care Cost Review.

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

25 Sec. 1692. (1) The department of community health is authorized  
26 to pursue reimbursement for eligible services provided in Michigan  
27 schools from the federal Medicaid program. The department and the

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

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

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

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

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

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

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

1 health.

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

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

14 Sec. 1699. The department may make separate payments directly  
15 to qualifying hospitals serving a disproportionate share of  
16 indigent patients in the amount of \$50,000,000.00, and to hospitals  
17 providing graduate medical education training programs. If direct  
18 payment for GME and DSH is made to qualifying hospitals for  
19 services to Medicaid clients, hospitals will not include GME costs  
20 or DSH payments in their contracts with HMOs.

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

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

27 (b) Total expenditures for these services shall not exceed the

1 level of total payments made during fiscal year 2001-2002, after  
2 adjusting for Medicare copayments and deductibles and for changes  
3 in utilization.

4 (2) To ensure that total expenditures stay within the spending  
5 constraints of subsection (1)(b), the department shall develop a  
6 utilization adjustor for the basic 2-tier payment methodology. The  
7 adjustor shall be based on a good faith estimate by the department  
8 as to what the expected utilization of emergency room services will  
9 be during fiscal year 2005-2006, given changes in the number and  
10 category of Medicaid recipients. If expenditure and utilization  
11 data indicate that the amount and/or type of emergency physician  
12 professional services are exceeding the department's estimate, the  
13 utilization adjustor shall be applied to the 2-tier reimbursement  
14 methodology in such a manner as to reduce aggregate expenditures to  
15 the fiscal year 2001-2002 adjusted expenditure target.

16 Sec. 1718. The department shall provide each Medicaid adult  
17 home help beneficiary or applicant with the right to a fair hearing  
18 when the department or its agent reduces, suspends, terminates, or  
19 denies adult home help services. If the department takes action to  
20 reduce, suspend, terminate, or deny adult home help services, it  
21 shall provide the beneficiary or applicant with a written notice  
22 that states what action the department proposes to take, the  
23 reasons for the intended action, the specific regulations that  
24 support the action, and an explanation of the beneficiary's or  
25 applicant's right to an evidentiary hearing and the circumstances  
26 under which those services will be continued if a hearing is  
27 requested.

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

6       Sec. 1724. The department shall allow licensed pharmacies to  
7   purchase injectable drugs for the treatment of respiratory  
8   syncytial virus for shipment to physicians' offices to be  
9   administered to specific patients. If the affected patients are  
10   Medicaid eligible, the department shall reimburse pharmacies for  
11   the dispensing of the injectable drugs and reimburse physicians for  
12   the administration of the injectable drugs.