

**SUBSTITUTE FOR  
HOUSE BILL NO. 4344**

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, 2008; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

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

amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF COMMUNITY HEALTH**

APPROPRIATION SUMMARY:

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

Full-time equated classified positions..... 4,671.6

Average population ..... 1,109.0

GROSS APPROPRIATION..... \$ 11,879,614,800

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers ..... 39,966,900

ADJUSTED GROSS APPROPRIATION..... \$ 11,839,647,900

Federal revenues:

Total federal revenues..... 6,600,405,500

Special revenue funds:

Total local revenues..... 246,671,500

Total private revenues..... 65,519,800

Merit award trust fund..... 144,000,000

Total other state restricted revenues..... 1,582,469,100

State general fund/general purpose..... \$ 3,200,582,000

**Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

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

Full-time equated classified positions..... 226.5

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

Community health advisory council..... 7,000

1	Departmental administration and management--198.0 FTE	
2	positions .....	23,881,600
3	Office of long-term care supports and services--18.5	
4	FTE positions .....	2,713,800
5	Worker's compensation program.....	9,356,000
6	Human resources optimization user charges .....	285,500
7	Rent and building occupancy.....	10,043,300
8	Developmental disabilities council and projects--10.0	
9	FTE positions .....	<u>2,772,200</u>
10	GROSS APPROPRIATION.....	\$ 49,640,900
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues.....	14,083,900
14	Special revenue funds:	
15	Total private revenues.....	76,000
16	Total other state restricted revenues .....	3,500,900
17	State general fund/general purpose .....	\$ 31,980,100
18	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
19	<b>ADMINISTRATION AND SPECIAL PROJECTS</b>	
20	Full-time equated classified positions..... 111.0	
21	Mental health/substance abuse program administration--	
22	110.0 FTE positions .....	\$ 13,209,500
23	Consumer involvement program.....	189,100
24	Gambling addiction--1.0 FTE position.....	3,500,000
25	Protection and advocacy services support .....	777,400
26	Mental health initiatives for older persons .....	1,291,200
27	Community residential and support services .....	2,713,000

1	Highway safety projects.....	400,000
2	Federal and other special projects.....	3,277,200
3	Family support subsidy.....	19,036,000
4	Housing and support services.....	<u>9,306,800</u>
5	GROSS APPROPRIATION.....	\$ 53,700,200
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	35,077,400
9	Special revenue funds:	
10	Total private revenues.....	190,000
11	Total other state restricted revenues.....	3,500,000
12	State general fund/general purpose.....	\$ 14,932,800
13	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE</b>	
14	<b>SERVICES PROGRAMS</b>	
15	Full-time equated classified positions..... 9.5	
16	Medicaid mental health services.....	\$ 1,718,736,400
17	Community mental health non-Medicaid services.....	320,066,100
18	Medicaid adult benefits waiver.....	40,000,000
19	Multicultural services.....	5,163,800
20	Medicaid substance abuse services.....	36,378,500
21	Respite services.....	1,000,000
22	CMHSP, purchase of state services contracts.....	136,239,300
23	Civil service charges.....	1,499,300
24	Federal mental health block grant--2.5 FTE positions .	15,367,900
25	State disability assistance program substance abuse	
26	services .....	2,509,800
27	Community substance abuse prevention, education, and	

1	treatment programs .....	103,268,100
2	Children's waiver home care program.....	19,549,800
3	Omnibus reconciliation act implementation--7.0 FTE	
4	positions .....	12,367,200
5	Children with serious emotional disturbance waiver...	570,000
6	Mental health treatment courts.....	<u>1,116,000</u>
7	GROSS APPROPRIATION.....	\$ 2,413,832,200
8	Appropriated from:	
9	Interdepartmental grant revenues:	
10	Interdepartmental grant from the department of	
11	corrections .....	1,116,000
12	Federal revenues:	
13	Total federal revenues.....	1,150,794,800
14	Special revenue funds:	
15	Total local revenues.....	26,072,100
16	Total other state restricted revenues.....	106,765,500
17	State general fund/general purpose.....	\$ 1,129,083,800
18	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR</b>	
19	<b>PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC</b>	
20	<b>AND PRISON MENTAL HEALTH SERVICES</b>	
21	Total average population ..... 1,109.0	
22	Full-time equated classified positions..... 2,867.3	
23	Caro regional mental health center - psychiatric	
24	hospital - adult--481.3 FTE positions.....	\$ 43,466,600
25	Average population ..... 179.0	
26	Kalamazoo psychiatric hospital - adult--466.6 FTE	
27	positions .....	43,120,900

1	Average population .....	186.0	
2	Walter P. Reuther psychiatric hospital - adult--	437.3	
3	FTE positions .....		43,147,800
4	Average population .....	236.0	
5	Hawthorn center - psychiatric hospital - children and		
6	adolescents--	218.0 FTE positions.....	21,497,600
7	Average population .....	74.0	
8	Mount Pleasant center - developmental disabilities--		
9	472.7 FTE positions .....		46,936,300
10	Average population .....	209.0	
11	Center for forensic psychiatry--	475.0 FTE positions ..	51,582,200
12	Average population .....	225.0	
13	Forensic mental health services provided to the		
14	department of corrections--	316.4 FTE positions.....	37,548,900
15	Revenue recapture.....		750,000
16	IDEA, federal special education.....		120,000
17	Special maintenance and equipment.....		335,300
18	Purchase of medical services for residents of		
19	hospitals and centers .....		2,045,600
20	Closed site, transition, and related costs.....		100
21	Severance pay.....		216,900
22	Gifts and bequests for patient living and treatment		
23	environment .....		<u>1,000,000</u>
24	GROSS APPROPRIATION.....		\$ 291,768,200
25	Appropriated from:		
26	Interdepartmental grant revenues:		
27	Interdepartmental grant from the department of		

1	corrections .....	37,548,900
2	Federal revenues:	
3	Total federal revenues.....	39,520,900
4	Special revenue funds:	
5	CMHSP, purchase of state services contracts.....	136,239,300
6	Other local revenues.....	16,533,500
7	Total private revenues.....	1,000,000
8	Total other state restricted revenues.....	10,876,700
9	State general fund/general purpose.....	\$ 50,048,900
10	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
11	Full-time equated classified positions..... 89.4	
12	Public health administration--11.0 FTE positions.....	\$ 1,708,100
13	Minority health grants and contracts--3.0 FTE	
14	positions .....	1,491,000
15	Promotion of healthy behaviors.....	1,000,000
16	Vital records and health statistics--75.4 FTE	
17	positions .....	<u>9,947,900</u>
18	GROSS APPROPRIATION.....	\$ 14,147,000
19	Appropriated from:	
20	Interdepartmental grant revenues:	
21	Interdepartmental grant from the department of human	
22	services .....	745,300
23	Federal revenues:	
24	Total federal revenues.....	5,012,100
25	Special revenue funds:	
26	Total private revenues.....	1,000,000
27	Total other state restricted revenues.....	5,988,100

1	State general fund/general purpose.....	\$	1,401,500
2	<b>Sec. 107. HEALTH POLICY, REGULATION, AND</b>		
3	<b>PROFESSIONS</b>		
4	Full-time equated classified positions.....	423.6	
5	Health systems administration--194.6 FTE positions...	\$	22,514,800
6	Emergency medical services program state staff--8.5		
7	FTE positions .....		1,471,900
8	Radiological health administration--21.4 FTE positions		2,671,600
9	Emergency medical services grants and services--7.0		
10	FTE positions .....		488,700
11	Health professions--142.0 FTE positions.....		20,950,600
12	Background check program.....		4,474,400
13	Health policy, regulation, and professions		
14	administration--30.7 FTE positions.....		5,538,300
15	Nurse scholarship, education, and research program--		
16	3.0 FTE positions .....		988,700
17	Certificate of need program administration--14.0 FTE		
18	positions .....		1,769,300
19	Rural health services--1.0 FTE position.....		1,403,800
20	Michigan essential health provider.....		1,847,100
21	Primary care services--1.4 FTE positions.....		<u>3,372,800</u>
22	GROSS APPROPRIATION.....	\$	67,492,000
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	Interdepartmental grant from the department of		
26	treasury, Michigan state hospital finance authority.		116,300
27	Federal revenues:		



1	Total federal revenues.....	26,742,100
2	Special revenue funds:	
3	Total local revenues.....	227,700
4	Total private revenues.....	350,000
5	Total other state restricted revenues.....	30,728,400
6	State general fund/general purpose.....	\$ 9,327,500
7	<b>Sec. 108. INFECTIOUS DISEASE CONTROL</b>	
8	Full-time equated classified positions..... 51.0	
9	AIDS prevention, testing, and care programs--12.0 FTE	
10	positions .....	\$ 37,463,900
11	Immunization local agreements.....	13,990,300
12	Immunization program management and field support--	
13	15.0 FTE positions .....	2,003,500
14	Pediatric AIDS prevention and control.....	1,224,800
15	Sexually transmitted disease control local agreements	3,360,700
16	Sexually transmitted disease control management and	
17	field support--23.0 FTE positions.....	<u>3,676,600</u>
18	GROSS APPROPRIATION.....	\$ 61,719,800
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues.....	40,885,600
22	Special revenue funds:	
23	Total private revenues.....	7,997,900
24	Total other state restricted revenues.....	8,691,400
25	State general fund/general purpose.....	\$ 4,144,900
26	<b>Sec. 109. LABORATORY SERVICES</b>	
27	Full-time equated classified positions..... 122.0	

1	Bovine tuberculosis--2.0 FTE positions .....	\$	500,000
2	Laboratory services--120.0 FTE positions .....		<u>16,026,900</u>
3	GROSS APPROPRIATION.....	\$	16,526,900
4	Appropriated from:		
5	Interdepartmental grant revenues:		
6	Interdepartmental grant from the department of		
7	environmental quality .....		440,400
8	Federal revenues:		
9	Total federal revenues.....		2,794,600
10	Special revenue funds:		
11	Total other state restricted revenues.....		5,652,200
12	State general fund/general purpose.....	\$	7,639,700
13	<b>Sec. 110. EPIDEMIOLOGY</b>		
14	Full-time equated classified positions..... 134.5		
15	AIDS surveillance and prevention program.....	\$	2,254,100
16	Asthma prevention and control--2.3 FTE positions .....		1,065,000
17	Bioterrorism preparedness--76.1 FTE positions .....		50,953,300
18	Epidemiology administration--41.1 FTE positions .....		6,632,100
19	Lead abatement program--7.0 FTE positions .....		2,177,700
20	Newborn screening follow-up and treatment services--		
21	8.0 FTE positions .....		3,901,300
22	Tuberculosis control and prevention.....		<u>867,000</u>
23	GROSS APPROPRIATION.....	\$	67,850,500
24	Appropriated from:		
25	Federal revenues:		
26	Total federal revenues.....		61,210,800
27	Special revenue funds:		

1	Total private revenues.....	25,000
2	Total other state restricted revenues.....	4,363,000
3	State general fund/general purpose.....	\$ 2,251,700
4	<b>Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
5	Implementation of 1993 PA 133, MCL 333.17015 .....	\$ 100,000
6	Local health services.....	220,000
7	Local public health operations.....	40,618,400
8	Medical services cost reimbursement to local health	
9	departments .....	<u>4,000,000</u>
10	GROSS APPROPRIATION.....	\$ 44,938,400
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues.....	4,000,000
14	Special revenue funds:	
15	Total local revenues.....	5,150,000
16	Total other state restricted revenues.....	243,500
17	State general fund/general purpose.....	\$ 35,544,900
18	<b>Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND</b>	
19	<b>HEALTH PROMOTION</b>	
20	Full-time equated classified positions.....	70.5
21	African-American male health initiative.....	\$ 106,700
22	AIDS and risk reduction clearinghouse and media	
23	campaign .....	1,576,000
24	Alzheimer's information network.....	389,500
25	Cancer prevention and control program--18.3 FTE	
26	positions .....	15,183,500
27	Chronic disease prevention--10.0 FTE positions .....	4,277,600

1	Diabetes and kidney program--13.1 FTE positions .....	3,999,500
2	Health education, promotion, and research programs--	
3	9.3 FTE positions .....	809,000
4	Injury control intervention project--1.0 FTE position	104,500
5	Michigan Parkinson's foundation.....	50,000
6	Morris Hood Wayne State University diabetes outreach .	400,000
7	Physical fitness, nutrition, and health.....	700,000
8	Public health traffic safety coordination--1.7 FTE	
9	positions .....	356,400
10	Smoking prevention program--15.1 FTE positions .....	5,720,400
11	Tobacco tax collection and enforcement .....	610,000
12	Violence prevention--2.0 FTE positions .....	<u>1,889,500</u>
13	GROSS APPROPRIATION.....	\$ 36,172,600
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues.....	19,953,400
17	Special revenue funds:	
18	Total private revenues.....	85,000
19	Total other state restricted revenues.....	14,981,900
20	State general fund/general purpose .....	\$ 1,152,300
21	<b>Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH</b>	
22	<b>SERVICES</b>	
23	Full-time equated classified positions..... 54.4	
24	Childhood lead program--6.8 FTE positions .....	\$ 2,557,500
25	Dental programs.....	485,400
26	Dental program for persons with developmental	
27	disabilities .....	151,000

1	Early childhood collaborative secondary prevention ...	524,000
2	Family, maternal, and children's health services	
3	administration--41.6 FTE positions.....	5,090,300
4	Family planning local agreements.....	10,020,300
5	Local MCH services.....	7,264,200
6	Migrant health care.....	272,200
7	Pregnancy prevention program.....	5,635,400
8	Prenatal care outreach and service delivery support ..	3,049,300
9	School health and education programs.....	500,000
10	Special projects--6.0 FTE positions.....	6,324,700
11	Sudden infant death syndrome program.....	<u>321,300</u>
12	GROSS APPROPRIATION.....	\$ 42,195,600
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues.....	28,300,100
16	Special revenue funds:	
17	Total other state restricted revenues.....	8,664,000
18	State general fund/general purpose.....	\$ 5,231,500
19	<b>Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND</b>	
20	<b>NUTRITION PROGRAM</b>	
21	Full-time equated classified positions..... 42.0	
22	Women, infants, and children program administration	
23	and special projects--42.0 FTE positions.....	\$ 8,452,100
24	Women, infants, and children program local agreements	
25	and food costs .....	<u>183,273,600</u>
26	GROSS APPROPRIATION.....	\$ 191,725,700
27	Appropriated from:	

1	Federal revenues:	
2	Total federal revenues.....	138,481,800
3	Special revenue funds:	
4	Total private revenues.....	53,243,900
5	State general fund/general purpose.....	\$ 0
6	<b>Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>	
7	Full-time equated classified positions.....	45.0
8	Children's special health care services	
9	administration--45.0 FTE positions.....	\$ 4,523,100
10	Amputee program.....	184,600
11	Bequests for care and services.....	1,514,600
12	Outreach and advocacy.....	3,773,500
13	Nonemergency medical transportation.....	1,401,100
14	Medical care and treatment.....	<u>193,781,100</u>
15	GROSS APPROPRIATION.....	\$ 205,178,000
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues.....	101,872,300
19	Special revenue funds:	
20	Total private revenues.....	1,000,000
21	Total other state restricted revenues.....	2,295,000
22	State general fund/general purpose.....	\$ 100,010,700
23	<b>Sec. 116. OFFICE OF DRUG CONTROL POLICY</b>	
24	Full-time equated classified positions.....	16.0
25	Drug control policy--16.0 FTE positions.....	\$ 1,747,000
26	Anti-drug abuse grants.....	9,810,100
27	Interdepartmental grant to judiciary for drug	

1	treatment courts .....	<u>1,800,000</u>
2	GROSS APPROPRIATION.....	\$ 13,357,100
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues.....	11,741,400
6	State general fund/general purpose.....	\$ 1,615,700
7	<b>Sec. 117. CRIME VICTIM SERVICES COMMISSION</b>	
8	Full-time equated classified positions.....	10.0
9	Grants administration services--10.0 FTE positions ...	\$ 1,277,100
10	Justice assistance grants.....	13,000,000
11	Crime victim rights services grants.....	11,000,000
12	Crime victim's rights fund revenue to Michigan state	
13	police .....	1,027,300
14	Crime victim's rights fund revenue to department of	
15	human services .....	<u>1,300,000</u>
16	GROSS APPROPRIATION.....	\$ 27,604,400
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	14,998,600
20	Special revenue funds:	
21	Total other state restricted revenues.....	12,605,800
22	State general fund/general purpose.....	\$ 0
23	<b>Sec. 118. OFFICE OF SERVICES TO THE AGING</b>	
24	Full-time equated classified positions.....	36.5
25	Commission (per diem \$50.00) .....	\$ 10,500
26	Office of services to aging administration--36.5 FTE	
27	positions .....	5,347,500

1	Community services.....	35,324,200
2	Nutrition services.....	37,922,500
3	Foster grandparent volunteer program.....	2,813,500
4	Retired and senior volunteer program.....	790,200
5	Senior companion volunteer program.....	2,021,200
6	Employment assistance.....	2,818,300
7	Respite care program.....	<u>6,800,000</u>
8	GROSS APPROPRIATION.....	\$ 93,847,900
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues.....	52,830,000
12	Special revenue funds:	
13	Total private revenues.....	152,000
14	Merit award trust fund.....	5,000,000
15	Total other state restricted revenues.....	1,967,000
16	State general fund/general purpose.....	\$ 33,898,900
17	<b>Sec. 119. MICHIGAN FIRST HEALTHCARE PLAN</b>	
18	Michigan first healthcare plan.....	\$ <u>100,000,000</u>
19	GROSS APPROPRIATION.....	\$ 100,000,000
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues.....	100,000,000
23	State general fund/general purpose.....	\$ 0
24	<b>Sec. 120. MEDICAL SERVICES ADMINISTRATION</b>	
25	Full-time equated classified positions.....	362.4
26	Medical services administration--362.4 FTE positions .	\$ 69,328,900
27	Facility inspection contract.....	132,800



1	MIChild administration.....	4,327,800
2	Health information technology initiatives.....	<u>5,000,000</u>
3	GROSS APPROPRIATION.....	\$ 78,789,500
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	53,317,900
7	State general fund/general purpose.....	\$ 25,471,600
8	<b>Sec. 121. MEDICAL SERVICES</b>	
9	Hospital services and therapy.....	\$ 1,194,987,300
10	Hospital disproportionate share payments.....	50,000,000
11	Physician services.....	321,687,400
12	Medicare premium payments.....	352,317,500
13	Pharmaceutical services.....	299,563,800
14	Home health services.....	89,199,100
15	Transportation.....	11,013,800
16	Auxiliary medical services.....	139,504,200
17	Ambulance services.....	13,216,200
18	Long-term care services.....	1,567,200,000
19	Medicaid home- and community-based services waiver...	131,156,000
20	Adult home help services.....	246,181,000
21	Personal care services.....	30,324,100
22	Program of all-inclusive care for the elderly.....	11,200,000
23	Single point of entry.....	14,724,200
24	Health plan services.....	2,676,407,400
25	MIChild program.....	38,654,300
26	Plan first family planning waiver.....	27,109,000
27	Medicaid adult benefits waiver.....	128,218,000

1	County indigent care and third share plans .....	88,518,500
2	Federal Medicare pharmaceutical program .....	186,001,600
3	Maternal and child health .....	20,279,500
4	Social services to the physically disabled .....	1,344,900
5	Subtotal basic medical services program .....	7,638,807,800
6	School-based services .....	83,427,700
7	Special Medicaid reimbursement .....	253,816,800
8	Subtotal special medical services payments .....	<u>337,244,500</u>
9	GROSS APPROPRIATION .....	\$ 7,976,052,300
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenues .....	4,679,139,400
13	Special revenue funds:	
14	Total local revenues .....	62,448,900
15	Total private revenues .....	400,000
16	Merit award trust fund .....	139,000,000
17	Total other state restricted revenues .....	1,358,543,500
18	State general fund/general purpose .....	\$ 1,736,520,500
19	<b>Sec. 122. INFORMATION TECHNOLOGY</b>	
20	Information technology services and projects .....	\$ 33,075,500
21	Michigan Medicaid information system .....	<u>100</u>
22	GROSS APPROPRIATION .....	\$ 33,075,600
23	Appropriated from:	
24	Federal revenues:	
25	Total federal revenues .....	19,648,400
26	Special revenue funds:	
27	Total other state restricted revenues .....	3,102,200

1 State general fund/general purpose ..... \$ 10,325,000

2 PART 2

3 PROVISIONS CONCERNING APPROPRIATIONS

4 GENERAL SECTIONS

5 Sec. 201. Pursuant to section 30 of article IX of the state  
6 constitution of 1963, total state spending from state resources  
7 under part 1 for fiscal year 2007-2008 is \$4,927,051,100.00 and  
8 state spending from state resources to be paid to local units of  
9 government for fiscal year 2007-2008 is \$1,289,592,400.00. The  
10 itemized statement below identifies appropriations from which  
11 spending to local units of government will occur:

12 DEPARTMENT OF COMMUNITY HEALTH

13 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

14 AND SPECIAL PROJECTS

15 Community residential and support services ..... \$ 387,300

16 Housing and support services ..... 695,500

17 Mental health initiatives for older persons ..... 1,049,200

18 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

19 State disability assistance program substance

20 abuse services ..... \$ 2,509,800

21 Community substance abuse prevention, education, and

22 treatment programs ..... 37,190,600

23 Medicaid mental health services ..... 701,584,300

24 Community mental health non-Medicaid services ..... 320,066,100

25 Medicaid adult benefits waiver ..... 11,732,000

1	Multicultural services.....		5,163,800
2	Medicaid substance abuse services.....		15,242,600
3	Respite services.....		1,000,000
4	Children's waiver home care program.....		5,734,000
5	Omnibus budget reconciliation act implementation.....		2,950,500
6	STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH		
7	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON		
8	MENTAL HEALTH SERVICES		
9	Center for forensic psychiatry.....	\$	290,300
10	PUBLIC HEALTH ADMINISTRATION		
11	Minority health grants and contracts.....	\$	100,000
12	INFECTIOUS DISEASE CONTROL		
13	AIDS prevention, testing and care programs.....	\$	742,200
14	Immunization local agreements.....		2,132,000
15	Sexually transmitted disease control local agreements		421,800
16	LABORATORY SERVICES		
17	Laboratory services.....	\$	55,400
18	LOCAL HEALTH ADMINISTRATION AND GRANTS		
19	Implementation of 1993 PA 133.....	\$	7,700
20	Local public health operations.....		35,468,400
21	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
22	Cancer prevention and control program.....	\$	350,000
23	Diabetes and kidney program.....		345,600
24	Smoking prevention program.....		1,014,500
25	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES		
26	Childhood lead program.....	\$	136,500
27	Dental programs.....		25,000

1	Family planning local agreements.....		360,000
2	Local MCH services.....		246,100
3	Pregnancy prevention program.....		2,300,000
4	Prenatal care outreach and service delivery support ..		650,100
5	School health and education programs.....		500,000
6	Special projects.....		378,900
7	CHILDREN'S SPECIAL HEALTH CARE SERVICES		
8	Medical care and treatment.....	\$	528,800
9	Outreach and advocacy.....		1,283,200
10	MEDICAL SERVICES		
11	Long-term care services.....	\$	79,760,400
12	Transportation.....		2,549,300
13	Medicaid adult benefits waiver.....		9,573,500
14	Hospital services and therapy.....		4,175,700
15	Physician services.....		7,879,400
16	Auxiliary medical services.....		2,061,700
17	OFFICE OF SERVICES TO THE AGING		
18	Community services.....	\$	14,854,300
19	Nutrition services.....		11,447,300
20	Foster grandparent volunteer program.....		791,700
21	Retired and senior volunteer program.....		181,300
22	Senior companion volunteer program.....		241,400
23	Respite care program.....		3,427,400
24	CRIME VICTIM SERVICES COMMISSION		
25	Crime victim rights services grants.....	\$	<u>6,800</u>
26	TOTAL OF PAYMENTS TO LOCAL UNITS		
27	OF GOVERNMENT.....	\$	1,289,592,400

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

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

6       Sec. 203. As used in this act:

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

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

11      (c) "Department" means the Michigan department of community  
12      health.

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

14      (e) "EPSDT" means early and periodic screening, diagnosis, and  
15      treatment.

16      (f) "FTE" means full-time equated.

17      (g) "GME" means graduate medical education.

18      (h) "Health plan" means, at a minimum, an organization that  
19      meets the criteria for delivering the comprehensive package of  
20      services under the department's comprehensive health plan.

21      (i) "HIV/AIDS" means human immunodeficiency virus/acquired  
22      immune deficiency syndrome.

23      (j) "HMO" means health maintenance organization.

24      (k) "IDEA" means individuals with disabilities education act.

25      (l) "IDG" means interdepartmental grant.

26      (m) "MCH" means maternal and child health.

27      (n) "MICHild" means the program described in section 1670.

1 (o) "MSS/ISS" means maternal and infant support services.

2 (p) "PIHP" means a specialty prepaid inpatient health plan for  
3 Medicaid mental health services, services to persons with  
4 developmental disabilities, and substance abuse services as  
5 described in section 232b of the mental health code, 1974 PA 258,  
6 MCL 330.1232b.

7 (q) "Title XVIII" means title XVIII of the social security  
8 act, 42 USC 1395 to 1395hhh.

9 (r) "Title XIX" means title XIX of the social security act, 42  
10 USC 1396 to 1396v.

11 (s) "Title XX" means title XX of the social security act, 49  
12 USC 1397 to 1397f.

13 (t) "WIC" means women, infants, and children supplemental  
14 nutrition program.

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

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

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

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

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

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

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



1 MCL 18.1393.

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

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

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

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

21 Sec. 210. The director shall take all reasonable steps to  
22 ensure businesses in deprived and depressed communities compete for  
23 and perform contracts to provide services or supplies, or both. The  
24 director shall strongly encourage firms with which the department  
25 contracts to subcontract with certified businesses in depressed and  
26 deprived communities for services, supplies, or both.

27 Sec. 211. If the revenue collected by the department from fees

and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

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

(a) Maternal and child health block grant .....	\$ 19,953,100
(b) Preventive health and health services block grant .....	3,670,800
(c) Substance abuse block grant .....	60,627,400
(d) Healthy Michigan fund .....	41,827,600
(e) Michigan health initiative .....	10,525,600

(2) On or before February 1, 2008, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2008-2009 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support

1 the total funds appropriated in each of the line items in part 1 of  
2 the fiscal year 2008-2009 executive budget proposal.

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

6 Sec. 213. The state departments, agencies, and commissions  
7 receiving tobacco tax funds from part 1 shall report by April 1,  
8 2008, to the senate and house of representatives appropriations  
9 committees, the senate and house fiscal agencies, and the state  
10 budget director on the following:

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

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

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

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

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

21 Sec. 214. The use of state-restricted tobacco tax revenue  
22 received for the purpose of tobacco prevention, education, and  
23 reduction efforts and deposited in the healthy Michigan fund shall  
24 not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to  
25 4.431, and shall not be used in attempting to influence the  
26 decisions of the legislature, the governor, or any state agency.

27 Sec. 216. (1) In addition to funds appropriated in part 1 for

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

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

11 (3) The department shall report by March 15, 2008 to the house  
12 of representatives and senate appropriations subcommittees on  
13 community health on all reimbursements, refunds, adjustments, and  
14 settlements from prior years.

15 Sec. 218. Basic health services for the purpose of part 23 of  
16 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:  
17 immunizations, communicable disease control, sexually transmitted  
18 disease control, tuberculosis control, prevention of gonorrhea eye  
19 infection in newborns, screening newborns for the 8 conditions  
20 listed in section 5431(1)(a) through (h) of the public health code,  
21 1978 PA 368, MCL 333.5431, community health annex of the Michigan  
22 emergency management plan, and prenatal care.

23 Sec. 219. (1) The department may contract with the Michigan  
24 public health institute for the design and implementation of  
25 projects and for other public health related activities prescribed  
26 in section 2611 of the public health code, 1978 PA 368, MCL  
27 333.2611. The department may develop a master agreement with the

1 institute to carry out these purposes for up to a 3-year period.  
2 The department shall report to the house of representatives and  
3 senate appropriations subcommittees on community health, the house  
4 and senate fiscal agencies, and the state budget director on or  
5 before November 1, 2007 and May 1, 2008 all of the following:

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

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

10 (c) The expected project duration.

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

14 (2) On or before September 30, 2008, the department shall  
15 provide to the same parties listed in subsection (1) a copy of all  
16 reports, studies, and publications produced by the Michigan public  
17 health institute, its subcontractors, or the department with the  
18 funds appropriated in part 1 and allocated to the Michigan public  
19 health institute.

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

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

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

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

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

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

27       Sec. 264. Upon submission of a Medicaid waiver, a Medicaid

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

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

11 Sec. 266. (1) Due to the current budgetary problems in this  
12 state, out-of-state travel shall be limited to situations in which  
13 1 or more of the following conditions apply:

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

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

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

22 (d) The travel is necessary to comply with federal  
23 requirements.

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

26 (f) The travel is financed entirely by federal or nonstate  
27 funds.

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

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

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

18           (b) The destination of each travel occurrence.

19           (c) The dates of each travel occurrence.

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

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

27           (f) A total of all out-of-state travel funded for the



1 immediately preceding fiscal year.

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

5       Sec. 269. (1) Of the amount appropriated in part 1 for  
6 Medicaid mental health services, \$149,136,400.00 is for prepaid  
7 inpatient health plan reimbursement of antipsychotic prescriptions  
8 under the Medicaid program. All of the following conditions shall  
9 apply to this arrangement:

10       (a) The department shall develop uniform statewide procedures  
11 and practices to be followed by the prepaid inpatient health plans.  
12 These procedures and practices shall adhere to the requirements of  
13 section 1625 and section 109h of the social welfare act, 1939 PA  
14 280, MCL 400.109h.

15       (b) The department shall include the actual cost of  
16 antipsychotic prescriptions, net of actual rebates, into the  
17 actuarially sound capitation rates for the prepaid inpatient health  
18 plans.

19       (c) The department shall develop and implement training for  
20 prepaid inpatient health programs regarding billing processes  
21 required for reimbursement under this section.

22       (2) Of the amount appropriated in part 1 for health plan  
23 services, \$86,674,300.00 is for Medicaid health plan reimbursement  
24 of antidepressant prescriptions under the Medicaid program. All of  
25 the following conditions shall apply to this arrangement:

26       (a) The department shall develop uniform statewide procedures  
27 and practices to be followed by the Medicaid health plans. These

1 procedures shall adhere to the requirements of section 1625 and all  
2 provisions of the department's fiscal year 2005-2006 contract with  
3 Medicaid health plans.

4 (b) The department shall include the actual cost of  
5 antidepressant prescriptions, net of actual rebates, into the  
6 actuarially sound capitation rates for the Medicaid health plans.

7 (3) Medicaid reimbursement of mental health prescriptions that  
8 are neither antipsychotics nor antidepressants shall be made from  
9 the medical services pharmaceutical services line in part 1. The  
10 department shall utilize the same operational procedures for these  
11 medications that were followed in fiscal year 2005-2006 and shall  
12 adhere to the requirements of section 109h of the social welfare  
13 act, 1939 PA 280, MCL 400.109h.

14 (4) The directors of the medical services administration and  
15 the department's mental health and substance abuse administration  
16 shall provide a joint quarterly report to the house of  
17 representatives, senate, and the senate and house fiscal agencies  
18 on the coordination of psychotropic medications under this section.

19 Sec. 270. Within 30 days after receipt of the notification  
20 from the attorney general's office of a legal action in which  
21 expenses had been recovered pursuant to section 106(4) of the  
22 social welfare act, 1939 PA 280, MCL 400.106, or any other statute  
23 under which the department has the right to recover expenses, the  
24 department shall submit a written report to the house of  
25 representatives and senate appropriations subcommittees on  
26 community health, the house and senate fiscal agencies, and the  
27 state budget office which includes, at a minimum, all of the

1 following:

2 (a) The total amount recovered from the legal action.

3 (b) The program or service for which the money was originally  
4 expended.

5 (c) Details on the disposition of the funds recovered such as  
6 the appropriation or revenue account in which the money was  
7 deposited.

8 (d) A description of the facts involved in the legal action.

9 Sec. 271. (1) A PIHP and a Medicaid HMO may implement a pilot  
10 project designed to model early mental health service intervention  
11 or coordination of care special projects. PIHPs and Medicaid HMOs  
12 that implement a pilot project under this section may coordinate  
13 with a federally qualified health center to provide these services.  
14 In order to implement a pilot project under this section,  
15 participating PIHPs, Medicaid HMOs, and federally qualified health  
16 centers shall share the same defined service area. A pilot project  
17 that is implemented under this section shall provide care  
18 coordination, disease management, and pharmacy management to  
19 eligible recipients suffering from chronic physical illness,  
20 including, but not limited to, diabetes, asthma, substance  
21 addiction, or the long-term effects of a stroke.

22 (2) A pilot project that is implemented under this section may  
23 begin on the effective date of this act and may utilize incentives  
24 for service providers or recipients of the services, or both. A  
25 pilot project that is implemented under this section shall meet all  
26 of the following requirements:

27 (a) Be implemented at no additional cost to the state.

1 (b) Include measurable objectives and outcome measures in  
2 order to determine cost effectiveness.

3 (c) Feature the shared use of technology and the sharing of  
4 data.

5 (d) Maintain electronic record data to monitor correlations  
6 between early mental health treatment service and increased  
7 physical health and improvement or reduction of chronic physical  
8 illness, including, but not limited to, diabetes, asthma, substance  
9 addiction, or the long-term effects of a stroke.

10 (3) If determined necessary, the department may request a  
11 federal waiver for Medicaid recipients in order to maximize  
12 participation by eligible recipients in pilot programs implemented  
13 under this section.

14 (4) A progress report on the pilot project shall be provided  
15 to the house and senate appropriations subcommittees on community  
16 health, the house and senate fiscal agencies, and the state budget  
17 director no later than April 1, 2008.

#### 18 DEPARTMENTWIDE ADMINISTRATION

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

23 Sec. 303. The department is prohibited from requiring first-  
24 party payment from individuals or families with a taxable income of  
25 \$10,000.00 or less for mental health services for determinations  
26 made in accordance with section 818 of the mental health code, 1974

1 PA 258, MCL 330.1818.

2 **MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL**  
3 **PROJECTS**

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

12 Sec. 352. From the funds appropriated in part 1 for mental  
13 health/substance abuse program administration, \$100.00 shall be  
14 used to provide leadership within the department and mental health  
15 field on the testing, evaluation, and replication of preventive  
16 initiatives targeted to minors possessing social, economic, or  
17 other risk factors associated with development of serious emotional  
18 disorder.

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

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

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

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

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

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

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

21 (f) A system of continuous quality improvement.

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

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

27 Sec. 402. (1) From funds appropriated in part 1, final

1 authorizations to CMHSPs or PIHPs shall be made upon the execution  
2 of contracts between the department and CMHSPs or PIHPs. The  
3 contracts shall contain an approved plan and budget as well as  
4 policies and procedures governing the obligations and  
5 responsibilities of both parties to the contracts. Each contract  
6 with a CMHSP or PIHP that the department is authorized to enter  
7 into under this subsection shall include a provision that the  
8 contract is not valid unless the total dollar obligation for all of  
9 the contracts between the department and the CMHSPs or PIHPs  
10 entered into under this subsection for fiscal year 2007-2008 does  
11 not exceed the amount of money appropriated in part 1 for the  
12 contracts authorized under this subsection.

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

17 (a) Any new contracts with CMHSPs or PIHPs that would affect  
18 rates or expenditures are enacted.

19 (b) Any amendments to contracts with CMHSPs or PIHPs that  
20 would affect rates or expenditures are enacted.

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

24 Sec. 403. From the funds appropriated in part 1 for  
25 multicultural services, the department shall ensure that CMHSPs or  
26 PIHPs meet with multicultural service providers to develop a  
27 workable framework for contracting, service delivery, and

1 reimbursement.

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

8       (2) The report shall contain information for each CMHSP or  
9 PIHP and a statewide summary, each of which shall include at least  
10 the following information:

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

14       (b) Per capita expenditures by client population group.

15       (c) Financial information which, minimally, shall include a  
16 description of funding authorized; expenditures by client group and  
17 fund source; and cost information by service category, including  
18 administration. Service category shall include all department-  
19 approved services.

20       (d) Data describing service outcomes which shall include, but  
21 not be limited to, an evaluation of consumer satisfaction, consumer  
22 choice, and quality of life concerns including, but not limited to,  
23 housing and employment.

24       (e) Information about access to community mental health  
25 services programs which shall include, but not be limited to, the  
26 following:

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



1           (ii) The number of people who requested services but did not  
2 receive services.

3           (f) The number of second opinions requested under the code and  
4 the determination of any appeals.

5           (g) An analysis of information provided by community mental  
6 health service programs in response to the needs assessment  
7 requirements of the mental health code, including information about  
8 the number of persons in the service delivery system who have  
9 requested and are clinically appropriate for different services.

10          (h) Lapses and carryforwards during fiscal year 2006-2007 for  
11 CMHSPs or PIHPs.

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

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

18           (i) Expenditures by each CMHSP or PIHP organized by Medicaid  
19 eligibility group, including per eligible individual expenditure  
20 averages.

21           (ii) Performance indicator information required to be submitted  
22 to the department in the contracts with CMHSPs or PIHPs.

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

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 PIHPs.

2       Sec. 405. (1) It is the intent of the legislature that the  
3 employee wage pass-through funded in previous years, including the  
4 2% wage increase funded in fiscal year 2006-2007, to the community  
5 mental health services programs for direct care workers in local  
6 residential settings and for paraprofessional and other  
7 nonprofessional direct care workers in settings where skill  
8 building, community living supports and training, and personal care  
9 services are provided shall continue to be paid to direct care  
10 workers.

11       (2) Each CMHSP or PIHP awarded wage pass-through funds in  
12 fiscal year 2006-2007 shall report on the actual expenditures of  
13 such funds in the format to be determined by the department.

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

21       (2) The department shall reimburse all licensed substance  
22 abuse programs eligible to participate in the program at a rate  
23 equivalent to that paid by the department of human services to  
24 adult foster care providers. Programs accredited by department-  
25 approved accrediting organizations shall be reimbursed at the  
26 personal care rate, while all other eligible programs shall be  
27 reimbursed at the domiciliary care rate.

1           Sec. 407. (1) The amount appropriated in part 1 for substance  
2 abuse prevention, education, and treatment grants shall be expended  
3 for contracting with coordinating agencies. Coordinating agencies  
4 shall work with the CMHSPs or PIHPs to coordinate the care and  
5 services provided to individuals with both mental illness and  
6 substance abuse diagnoses.

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

10          Sec. 408. (1) By April 15, 2008, the department shall report  
11 the following data from fiscal year 2006-2007 on substance abuse  
12 prevention, education, and treatment programs to the senate and  
13 house of representatives appropriations subcommittees on community  
14 health, the senate and house fiscal agencies, and the state budget  
15 office:

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

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

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

27          (d) Collections from other first- or third-party payers,

1 private donations, or other state or local programs, by  
2 coordinating agency, by subcontractor, by population served, and by  
3 service type.

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

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

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

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

21 (2) Each CMHSP or PIHP shall have jail diversion services and  
22 shall work toward establishing working relationships with  
23 representative staff of local law enforcement agencies, including  
24 county prosecutors' offices, county sheriffs' offices, county  
25 jails, municipal police agencies, municipal detention facilities,  
26 and the courts. Written interagency agreements describing what  
27 services each participating agency is prepared to commit to the

1 local jail diversion effort and the procedures to be used by local  
2 law enforcement agencies to access mental health jail diversion  
3 services are strongly encouraged.

4 Sec. 412. The department shall contract directly with the  
5 Salvation Army harbor light program to provide non-Medicaid  
6 substance abuse services at not less than the amount contracted for  
7 in fiscal year 2006-2007.

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

21 Sec. 418. On or before the tenth of each month, the department  
22 shall report to the senate and house of representatives  
23 appropriations subcommittees on community health, the senate and  
24 house fiscal agencies, and the state budget director on the amount  
25 of funding paid to PIHPs to support the Medicaid managed mental  
26 health care program in that month. The information shall include  
27 the total paid to each PIHP, per capita rate paid for each

1 eligibility group for each PIHP, and number of cases in each  
2 eligibility group for each PIHP, and year-to-date summary of  
3 eligibles and expenditures for the Medicaid managed mental health  
4 care program.

5       Sec. 423. (1) The department shall work cooperatively with the  
6 departments of human services, corrections, education, state  
7 police, and military and veterans affairs to coordinate and improve  
8 the delivery of substance abuse prevention, education, and  
9 treatment programs within existing appropriations.

10       (2) The department shall establish a work group composed of  
11 representatives of the department, the departments of human  
12 services, corrections, education, state police, and military and  
13 veterans affairs, coordinating agencies, CMHSPs, and any other  
14 persons considered appropriate to examine and review the source and  
15 expenditure of funds for substance abuse programs and services. The  
16 work group shall develop and recommend cost-effective measures for  
17 the expenditure of funds and delivery of substance abuse programs  
18 and services. The department shall submit the findings of the work  
19 group to the house of representatives and senate appropriations  
20 subcommittees on community health, the house and senate fiscal  
21 agencies, and the state budget director by May 31, 2008.

22       Sec. 424. Each PIHP that contracts with the department to  
23 provide services to the Medicaid population shall adhere to the  
24 following timely claims processing and payment procedure for claims  
25 submitted by health professionals and facilities:

26       (a) A "clean claim" as described in section 111i of the social  
27 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days

1 after receipt of the claim by the PIHP. A clean claim that is not  
2 paid within this time frame shall bear simple interest at a rate of  
3 12% per annum.

4 (b) A PIHP must state in writing to the health professional or  
5 facility any defect in the claim within 30 days after receipt of  
6 the claim.

7 (c) A health professional and a health facility have 30 days  
8 after receipt of a notice that a claim or a portion of a claim is  
9 defective within which to correct the defect. The PIHP shall pay  
10 the claim within 30 days after the defect is corrected.

11 Sec. 425. The department shall assist the department of  
12 corrections in working with the state university that was  
13 contracted by the department of corrections to report the following  
14 data from fiscal year 2006-2007 on mental health and substance  
15 abuse services:

16 (a) The number of prisoners currently receiving substance  
17 abuse services, including a description and breakdown of the type  
18 of substance abuse services provided to prisoners.

19 (b) The number of prisoners with a primary diagnosis of mental  
20 illness, the number of those prisoners deemed to currently require  
21 mental health treatment, and the number of those prisoners  
22 currently receiving mental health services, including a description  
23 and breakdown, minimally encompassing the categories of inpatient,  
24 residential, and outpatient care, of the type of mental health  
25 services provided to those prisoners.

26 (c) The number of prisoners with a primary diagnosis of mental  
27 illness and currently receiving substance abuse services, including

1 a description and breakdown, minimally encompassing the categories  
2 of inpatient, residential, and outpatient care, of the type of  
3 treatment provided to those prisoners.

4 (d) Data indicating whether prisoners with a primary diagnosis  
5 of mental illness were previously hospitalized in a state  
6 psychiatric hospital for persons with mental illness. This data  
7 shall be broken down according to each of the following categories:

8 (i) All prisoners with a primary diagnosis of mental illness.

9 (ii) Prisoners with a primary diagnosis of mental illness and  
10 currently receiving mental health services.

11 (iii) Prisoners with a primary diagnosis of mental illness and  
12 currently receiving substance abuse services.

13 Sec. 428. Each PIHP shall provide, from internal resources,  
14 local funds to be used as a bona fide part of the state match  
15 required under the Medicaid program in order to increase capitation  
16 rates for PIHPs. These funds shall not include either state funds  
17 received by a CMHSP for services provided to non-Medicaid  
18 recipients or the state matching portion of the Medicaid capitation  
19 payments made to a PIHP.

20 Sec. 435. A county required under the provisions of the mental  
21 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide  
22 matching funds to a CMHSP for mental health services rendered to  
23 residents in its jurisdiction shall pay the matching funds in equal  
24 installments on not less than a quarterly basis throughout the  
25 fiscal year, with the first payment being made by October 1, 2007.

26 Sec. 442. (1) It is the intent of the legislature that the  
27 \$40,000,000.00 in funding transferred from the community mental



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

7 (2) The department shall assure that persons enrolled in the  
8 Medicaid adult benefits waiver program shall receive mental health  
9 services as approved in the state plan amendment.

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

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

23 Sec. 456. (1) CMHSPs and PIHPs shall honor consumer choice to  
24 the fullest extent possible when providing services and support  
25 programs for individuals with mental illness, developmental  
26 disabilities, or substance abuse issues. Consumer choices shall  
27 include skill-building assistance, rehabilitative and habilitative

1 services, supported and integrated employment services program  
2 settings, and other work preparatory services provided in the  
3 community or by accredited community-based rehabilitation  
4 organizations. CMHSPs and PIHPs shall not arbitrarily eliminate or  
5 restrict any choices from the array of services and program  
6 settings available to consumers without reasonable justification  
7 that those services are not in the consumer's best interest.

8 (2) CMHSPs and PIHPs shall take all necessary steps to ensure  
9 that individuals with mental illness, developmental disabilities,  
10 or substance abuse issues be placed in the least restrictive  
11 setting in the quickest amount of time possible if it is the  
12 individual's choice.

13 Sec. 458. By April 15, 2008, the department shall provide each  
14 of the following to the house of representatives and senate  
15 appropriations subcommittees on community health, the house and  
16 senate fiscal agencies, and the state budget director:

17 (a) An updated plan for implementing recommendations of the  
18 Michigan mental health commission made in the commission's report  
19 dated October 15, 2004.

20 (b) A report that evaluates the cost-benefit of establishing  
21 secure residential facilities of fewer than 17 beds for adults with  
22 serious mental illness, modeled after such programming in Oregon or  
23 other states.

24 (c) In conjunction with the state court administrator's  
25 office, a report that evaluates the cost-benefit of establishing a  
26 specialized mental health court program that diverts adults with  
27 serious mental illness alleged to have committed an offense deemed

1 nonserious into treatment prior to the filing of any charges.

2       Sec. 460. (1) The uniform definitions, standards, and  
3 instructions for the classification, allocation, assignment,  
4 calculation, recording, and reporting of administrative costs by  
5 PIHPs, CMHSPs, and contracted organized provider systems that  
6 receive payment or reimbursement from funds appropriated under  
7 section 104 of part 1 that were implemented in fiscal year 2006-  
8 2007 by the department shall also be implemented for their  
9 subcontractors in fiscal year 2007-2008.

10       (2) The department shall provide the house of representatives  
11 and senate appropriations subcommittees on community health, the  
12 house of representatives and senate fiscal agencies, and the state  
13 budget director with a progress report on the implementation  
14 required under subsection (1). The progress report is due on July  
15 1, 2008.

16       Sec. 462. The department shall establish a workgroup comprised  
17 of representatives of the department, CMHSPs, legislature, and any  
18 other persons considered appropriate to develop a plan to achieve  
19 funding equity for all CMHSPs that receive funds appropriated under  
20 the community mental health non-Medicaid services line. The funding  
21 equity plan shall establish, at a minimum, a payment schedule or  
22 scale to ensure that each CMHSP is paid or reimbursed equally based  
23 on the recipient's diagnosis or individual plan of service  
24 sufficient to meet his or her needs, or both, or other  
25 methodologies developed by the workgroup. The department shall  
26 submit the written plan to the house of representatives and senate  
27 appropriations subcommittees on community health, the house and

1 senate fiscal agencies, and the state budget director by May 31,  
2 2008.

3       Sec. 463. The department shall use standard program evaluation  
4 measures to assess the overall effectiveness of programs provided  
5 through coordinating agencies and service providers in reducing and  
6 preventing the incidence of substance abuse. The measures  
7 established by the department shall be modeled after the program  
8 outcome measures and best practice guidelines for the treatment of  
9 substance abuse as proposed by the federal substance abuse and  
10 mental health services administration.

11       Sec. 465. Funds appropriated in part 1 for respite services  
12 shall be used for direct respite care services for children with  
13 serious emotional disturbances and their families. Not more than 1%  
14 of the funds allocated for respite services shall be expended by  
15 CMHSPs for administration and administrative purposes.

16       Sec. 468. To foster a more efficient administration of and to  
17 integrate care in publicly funded mental health and substance abuse  
18 services, the department shall recommend changes in its criteria  
19 for the incorporation of a city, county, or regional substance  
20 abuse coordinating agency into a local community mental health  
21 authority that will encourage those city, county, or regional  
22 coordinating agencies to incorporate as local community mental  
23 health authorities. If necessary, the department may make  
24 accommodations or adjustments in formula distribution to address  
25 administrative costs related to the recommended changes to the  
26 criteria made in accordance with this section and to the  
27 incorporation of the additional coordinating agencies into local

1 community mental health authorities provided that all of the  
2 following are satisfied:

3 (a) The department provides funding for the administrative  
4 costs incurred by coordinating agencies incorporating into  
5 community mental health authorities. The department shall not  
6 provide more than \$75,000.00 to any coordinating agency for  
7 administrative costs.

8 (b) The accommodations or adjustments do not favor  
9 coordinating agencies who voluntarily elect to integrate with local  
10 community mental health authorities.

11 (c) The accommodations or adjustments do not negatively affect  
12 other coordinating agencies.

13 Sec. 470. (1) For those substance abuse coordinating agencies  
14 that have voluntarily incorporated into community mental health  
15 authorities and accepted funding from the department for  
16 administrative costs incurred pursuant to section 468 of this act,  
17 the department shall establish written expectations for those  
18 CMHSPs, PIHPs, and substance abuse coordinating agencies and  
19 counties with respect to the integration of mental health and  
20 substance abuse services. At a minimum, the written expectations  
21 shall provide for the integration of those services as follows:

22 (a) Coordination and consolidation of administrative functions  
23 and redirection of efficiencies into service enhancements.

24 (b) Consolidation of points of 24-hour access for mental  
25 health and substance abuse services in every community.

26 (c) Alignment of coordinating agencies and PIHPs boundaries to  
27 maximize opportunities for collaboration and integration of

1 administrative functions and clinical activities.

2 (2) By May 1, 2008, the department shall report to the house  
3 of representatives and senate appropriations subcommittees on  
4 community health, the house and senate fiscal agencies, and the  
5 state budget office on the impact and effectiveness of this section  
6 and the status of the integration of mental health and substance  
7 abuse services.

8 Sec. 471. The department, through its organizational units  
9 responsible for departmental administration, operation, and  
10 finance, shall establish uniform definitions, standards, and  
11 instructions for the classification, allocation, assignment,  
12 calculation, recording, and reporting of administrative costs by  
13 coordinating agencies on substance abuse, Salvation Army harbor  
14 light program, and their subcontractors that receive payment or  
15 reimbursement from funds appropriated under section 104 of part 1.  
16 The department shall develop these definitions, standards, and  
17 instructions in consultation with representatives of coordinating  
18 agencies. By April 15, 2008, the department shall provide a written  
19 draft of its proposed definitions, standards, and instructions 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.

23 Sec. 474. The department shall ensure that each contract with  
24 a CMHSP or PIHP requires the CMHSP or PIHP to provide each  
25 recipient and his or her family with information regarding the  
26 different types of guardianship and the alternatives to  
27 guardianship. A CMHSP or PIHP shall not, in any manner, attempt to

1 reduce or restrict the ability of a recipient or his or her family  
2 from seeking to obtain any form of legal guardianship without just  
3 cause.

4 Sec. 475. From the funds appropriated in part 1 for  
5 multicultural services, \$990,000.00 shall be allocated to the  
6 Jewish federation of metropolitan Detroit.

7 Sec. 476. From the funds appropriated in part 1 for community  
8 mental health non-Medicaid services, \$500,000.00 shall be used to  
9 fund a regional jail diversion pilot program that is located in a  
10 county with a population of more than 1,000,000 but not more than  
11 1,750,000. The regional jail diversion pilot program shall  
12 incorporate a system for the identification and diversion of  
13 mentally ill and dually-diagnosed individuals from the criminal  
14 justice system before the individual's contact with a law  
15 enforcement officer results in the individual being detained in a  
16 jail or holding cell. The regional jail diversion pilot program  
17 shall divert those individuals to a secure environment where those  
18 individuals can be stabilized, evaluated, and receive the  
19 appropriate mental health treatment.

20 Sec. 477. From the funds appropriated in part 1 for community  
21 substance abuse prevention, education, and treatment programs,  
22 \$100.00 shall be used to establish a recovery coaching pilot  
23 program to assist individuals who are current or former substance  
24 abusers to achieve rehabilitation and long-term recovery.

25 Sec. 478. The funds appropriated in part 1 for mental health  
26 treatment courts shall be used by CMHSPs in counties in which  
27 mental health treatment courts are funded. Each CMHSP in a county

1 in which a mental health treatment court is funded shall be  
2 allocated \$279,000.00. Each affected CMHSP shall cooperate with its  
3 local mental health treatment court to provide assessment and  
4 treatment services for offenders in the mental health treatment  
5 court program.

6 Sec. 479. From the funds appropriated in part 1 for community  
7 substance abuse prevention, education, and treatment programs,  
8 \$18,000,000.00 shall be allocated among substance abuse  
9 coordinating agencies in sums equivalent to the fiscal year 2006-  
10 2007 receipts. Funds allocated to substance abuse coordinating  
11 agencies under this section shall be expended in compliance with  
12 subsection (11) of section 24e of the general property tax act,  
13 1893 PA 206, MCL 211.24e.

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

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

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



1 collections and to improve ongoing departmental reimbursement  
2 management functions.

3       Sec. 602. Unexpended and unencumbered amounts and accompanying  
4 expenditure authorizations up to \$1,000,000.00 remaining on  
5 September 30, 2008 from the amounts appropriated in part 1 for  
6 gifts and bequests for patient living and treatment environments  
7 shall be carried forward for 1 fiscal year. The purpose of gifts  
8 and bequests for patient living and treatment environments is to  
9 use additional private funds to provide specific enhancements for  
10 individuals residing at state-operated facilities. Use of the gifts  
11 and bequests shall be consistent with the stipulation of the donor.  
12 The expected completion date for the use of gifts and bequests  
13 donations is within 3 years unless otherwise stipulated by the  
14 donor.

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

22       Sec. 604. (1) The CMHSPs or PIHPs shall provide annual reports  
23 to the department on the following information:

24       (a) The number of days of care purchased from state hospitals  
25 and centers.

26       (b) The number of days of care purchased from private  
27 hospitals in lieu of purchasing days of care from state hospitals

1 and centers.

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

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

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

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

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

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

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

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

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

#### 14 **PUBLIC HEALTH ADMINISTRATION**

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

20       Sec. 651. By April 30, 2008, the department shall submit a  
21 report to the house and senate fiscal agencies and the state budget  
22 director on the activities and efforts of the surgeon general to  
23 improve the health status of the citizens of this state with regard  
24 to the goals and objectives stated in the "Healthy Michigan 2010"  
25 report, and the measurable progress made toward those goals and  
26 objectives.

1    **HEALTH POLICY, REGULATION, AND PROFESSIONS**

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

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

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

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

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

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

8       Sec. 709. The funds appropriated in part 1 for the Michigan  
9 essential health care provider program may also provide loan  
10 repayment for dentists that fit the criteria established by part 27  
11 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

12       Sec. 710. From the funds appropriated in part 1 for primary  
13 care services, an amount not to exceed \$2,010,000.00 is  
14 appropriated to enhance the service capacity of the federally  
15 qualified health centers and other health centers which are similar  
16 to federally qualified health centers.

17       Sec. 711. The department may make available to interested  
18 entities customized listings of nonconfidential information in its  
19 possession, such as names and addresses of licensees. The  
20 department may establish and collect a reasonable charge to provide  
21 this service. The revenue received from this service shall be used  
22 to offset expenses to provide the service. Any balance of this  
23 revenue collected and unexpended at the end of the fiscal year  
24 shall revert to the appropriate restricted fund.

25       Sec. 712. From the funds appropriated in part 1 for primary  
26 care services, \$1,250,000.00 shall be allocated to free health  
27 clinics operating in the state. The department shall distribute the

1 funds equally to each free health clinic. For the purpose of this  
2 appropriation, free health clinics are nonprofit organizations that  
3 use volunteer health professionals to provide care to uninsured  
4 individuals.

5 Sec. 713. The department is directed to continue support of  
6 multicultural agencies that provide primary care services from the  
7 funds appropriated in part 1.

8 Sec. 714. The department shall report to the legislature on  
9 the timeliness of nursing facility complaint investigations and the  
10 number of complaints that are substantiated on an annual basis. The  
11 report shall consist of the number of complaints filed by consumers  
12 and the number of facility-reported incidents. The department shall  
13 make every effort to contact every complainant and the subject of a  
14 complaint during an investigation.

15 Sec. 715. From the funds appropriated in part 1 for primary  
16 care services, \$100.00 is appropriated for the department to  
17 establish a pilot program in the city of Detroit for a nonurgent  
18 medical response service.

#### 19 **INFECTIOUS DISEASE CONTROL**

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

24 Sec. 802. In developing and implementing AIDS provider  
25 education activities, the department may provide funding to the  
26 Michigan state medical society to serve as lead agency to convene a

1 consortium of health care providers, to design needed educational  
2 efforts, to fund other statewide provider groups, and to assure  
3 implementation of these efforts, in accordance with a plan approved  
4 by the department.

5       Sec. 803. The department shall continue the AIDS drug  
6 assistance program maintaining the prior year eligibility criteria  
7 and drug formulary. This section is not intended to prohibit the  
8 department from providing assistance for improved AIDS treatment  
9 medications. If the appropriation in part 1 or actual revenue is  
10 not sufficient to maintain the prior year eligibility criteria and  
11 drug formulary, the department may revise the eligibility criteria  
12 and drug formulary in a manner that is consistent with federal  
13 program guidelines.

14       Sec. 804. The department, in conjunction with efforts to  
15 implement the Michigan prisoner reentry initiative, shall cooperate  
16 with the department of corrections to share data and information as  
17 it relates to prisoners being released and hepatitis C. By April 1,  
18 2008, the department shall report to the senate and house  
19 appropriations subcommittees on community health, the senate and  
20 house fiscal agencies, and the state budget director on the  
21 progress and results of its work and the potential outcomes from  
22 its work with the department of corrections under this section.

### 23    EPIDEMIOLOGY

24       Sec. 851. The department shall provide a report annually to  
25 the house of representatives and senate appropriations  
26 subcommittees on community health, the senate and house fiscal

1 agencies, and the state budget director on the expenditures and  
2 activities undertaken by the lead abatement program. The report  
3 shall include, but is not limited to, a funding allocation  
4 schedule, expenditures by category of expenditure and by  
5 subcontractor, revenues received, description of program elements,  
6 and description of program accomplishments and progress.

7 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

8       Sec. 901. The amount appropriated in part 1 for implementation  
9 of the 1993 amendments to sections 9161, 16221, 16226, 17014,  
10 17015, and 17515 of the public health code, 1978 PA 368, MCL  
11 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and  
12 333.17515, shall reimburse local health departments for costs  
13 incurred related to implementation of section 17015(18) of the  
14 public health code, 1978 PA 368, MCL 333.17015.

15       Sec. 902. If a county that has participated in a district  
16 health department or an associated arrangement with other local  
17 health departments takes action to cease to participate in such an  
18 arrangement after October 1, 2007, the department shall have the  
19 authority to assess a penalty from the local health department's  
20 operational accounts in an amount equal to no more than 5% of the  
21 local health department's local public health operations funding.  
22 This penalty shall only be assessed to the local county that  
23 requests the dissolution of the health department.

24       Sec. 904. (1) Funds appropriated in part 1 for local public  
25 health operations shall be prospectively allocated to local health  
26 departments to support immunizations, infectious disease control,



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

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

10 (3) Distributions in subsection (1) shall be made only to  
11 counties that maintain local spending in fiscal year 2007-2008 of  
12 at least the amount expended in fiscal year 1992-1993 for the  
13 services described in subsection (1).

14 (4) By April 1, 2008, the department shall make available upon  
15 request a report to the senate or house of representatives  
16 appropriations subcommittee on community health, the senate or  
17 house fiscal agency, or the state budget director on the planned  
18 allocation of the funds appropriated for local public health  
19 operations.

20 Sec. 905. From the funds appropriated in part 1 for local  
21 public health operations, \$5,150,000.00 shall be used to continue  
22 funding hearing and vision screening services through local public  
23 health departments.

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

25 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's  
26 information network shall be used to provide information and

1 referral services through regional networks for persons with  
2 Alzheimer's disease or related disorders, their families, and  
3 health care providers.

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

8 (2) For purposes of complying with 2004 PA 164, \$900,000.00 of  
9 the funds appropriated in part 1 for the smoking prevention program  
10 shall be used for the quit kit program that includes the nicotine  
11 patch or nicotine gum.

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

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

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

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

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

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

1 projects.

2       Sec. 1010. From the funds appropriated in part 1 for chronic  
3 disease prevention, \$200,000.00 shall be allocated for osteoporosis  
4 prevention and treatment education.

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

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

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

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

25       Sec. 1104. Before April 1, 2008, the department shall submit a  
26 report to the house and senate fiscal agencies and the state budget

1 director on planned allocations from the amounts appropriated in  
2 part 1 for local MCH services, prenatal care outreach and service  
3 delivery support, family planning local agreements, and pregnancy  
4 prevention programs. Using applicable federal definitions, the  
5 report shall include information on all of the following:

6 (a) Funding allocations.

7 (b) Actual number of women, children, and/or adolescents  
8 served and amounts expended for each group for the fiscal year  
9 2006-2007.

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

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

24 Sec. 1107. Of the amount appropriated in part 1 for prenatal  
25 care outreach and service delivery support, not more than 9% shall  
26 be expended for local administration, data processing, and  
27 evaluation.

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

4       Sec. 1109. (1) From the amounts appropriated in part 1 for  
5 dental programs, funds shall be allocated to the Michigan dental  
6 association for the administration of a volunteer dental program  
7 that shall provide dental services to the uninsured in an amount  
8 that is no less than the amount allocated to that program in fiscal  
9 year 1996-1997.

10       (2) Not later than December 1 of the current fiscal year, the  
11 department shall make available upon request a report to the senate  
12 or house of representatives appropriations subcommittee on  
13 community health or the senate or house of representatives standing  
14 committee on health policy the number of individual patients  
15 treated, number of procedures performed, and approximate total  
16 market value of those procedures through September 30, 2007.

17       Sec. 1110. Agencies that currently receive pregnancy  
18 prevention funds and either receive or are eligible for other  
19 family planning funds shall have the option of receiving all of  
20 their family planning funds directly from the department of  
21 community health and be designated as delegate agencies.

22       Sec. 1111. The department shall allocate no less than 88% of  
23 the funds appropriated in part 1 for family planning local  
24 agreements and the pregnancy prevention program for the direct  
25 provision of family planning/pregnancy prevention services.

26       Sec. 1112. From the funds appropriated in part 1 for prenatal  
27 care outreach and service delivery support, the department shall

1 allocate at least \$1,000,000.00 to communities with high infant  
2 mortality rates.

3 Sec. 1115. (1) The department shall work in collaboration with  
4 the state board of education and the department of human services  
5 on the statewide before- or after-school program for elementary  
6 school-aged children established under section 32k of the state  
7 school aid act of 1979, 1979 PA 94, MCL 388.1632k.

8 (2) The department shall work in collaboration with the state  
9 board of education and the department of human services on the  
10 Michigan after-school partnership and implementation of the  
11 recommendations from the report of the Michigan after-school  
12 initiative task force issued December 15, 2003.

13 (3) From the funds appropriated in part 1 for special  
14 projects, up to \$25,000.00 shall be allocated for the programs  
15 described in subsections (1) and (2).

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

24 Sec. 1132. From the funds appropriated in part 1 for special  
25 projects, \$400,000.00 shall be allocated to the nurse family  
26 partnership program.

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. The  
8 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  
15 in the department of community health.

16 (e) The department of human services.

17 (f) The department of state police.

18 (2) Upon written or oral request, a pupil not less than 18  
19 years of age or a parent or legal guardian of a pupil less than 18  
20 years of age, within a reasonable period of time after the request  
21 is 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 taken  
12 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  
15 specified 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.

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

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

23          Sec. 1203. All children who are determined medically eligible  
24 for the children's special health care services program shall be  
25 referred to the appropriate locally based services program in their



1 community.

2 **OFFICE OF DRUG CONTROL POLICY**

3 Sec. 1250. The department shall provide \$1,800,000.00 in Byrne  
4 formula grant program funding to the judiciary by interdepartmental  
5 grant.

6 **CRIME VICTIM SERVICES COMMISSION**

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

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

20 **OFFICE OF SERVICES TO THE AGING**

21 Sec. 1401. The appropriation in part 1 to the office of  
22 services to the aging, for community and nutrition services and  
23 home services, shall be restricted to eligible individuals at least  
24 60 years of age who fail to qualify for home care services under

1 title XVIII, XIX, or XX.

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

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

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

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

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

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

18 Sec. 1406. The appropriation of \$5,000,000.00 of merit award  
19 trust funds to the office of services to the aging for the respite  
20 care program shall be allocated in accordance with a long-term care  
21 plan developed by the long-term care working group established in  
22 section 1657 of 1998 PA 336 upon implementation of the plan. The  
23 use of the funds shall be for direct respite care or adult respite  
24 care center services. Not more than 9% of the amount allocated  
25 under this section shall be expended for administration and  
26 administrative purposes.

27 Sec. 1407. From the funds appropriated in part 1 for community

1 services, \$120,000.00 shall be allocated to the inter-tribal  
2 council of Michigan to be distributed to the 12 federally  
3 reaffirmed Indian tribes in Michigan for tribal elders' programs,  
4 in an amount of \$10,000.00 to each tribe.

5 Sec. 1413. The office of services to the aging affirms the  
6 commitment to locally based services, and supports the role of  
7 local county boards of commissioners in the approval of area agency  
8 on aging plans. Local counties may request to change membership in  
9 the area agencies on aging if the change is to an area agency on  
10 aging region that is contiguous to that county pursuant to office  
11 of services to the aging policies and procedures for area agency of  
12 aging designation. The office of services to the aging may work  
13 with others to provide training to commissions to better understand  
14 and advocate for aging issues. Area agencies on aging are  
15 prohibited from providing direct services, other than access  
16 services, unless the agencies receive a waiver from the commission  
17 on services to the aging. This section is conditioned on compliance  
18 with federal and state laws, rules, and policies.

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

### 23 MICHIGAN FIRST HEALTHCARE PLAN

24 Sec. 1501. (1) Funds appropriated in part 1 for the Michigan  
25 first healthcare plan are contingent upon approval of a waiver from  
26 the federal government.

1           (2) In addition to the funds appropriated in part 1 for the  
2 Michigan first healthcare plan, up to \$300,000,000.00 in federal  
3 funds shall be appropriated upon approval of a waiver from the  
4 federal government.

5           Sec. 1502. Upon approval of a waiver from the federal  
6 government for the Michigan first healthcare plan, the department  
7 shall provide the senate and house of representatives  
8 appropriations subcommittees on community health, the senate and  
9 house fiscal agencies, and the state budget director with a report  
10 detailing the process that will be utilized to determine which  
11 insurance entities will be selected for participation in the  
12 Michigan first healthcare plan. The department shall not award a  
13 single-source contract to a health plan through the Michigan first  
14 healthcare plan.

15          Sec. 1503. The department shall provide a copy of the  
16 federally approved Michigan first healthcare plan or similar  
17 proposal to the house of representatives and senate appropriations  
18 subcommittees on community health, the house and senate fiscal  
19 agencies, and the state budget director at least 45 days before  
20 implementing any portion of the Michigan first healthcare plan or  
21 other similar proposal.

## 22    **MEDICAL SERVICES**

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

1 rehabilitation training for a resident.

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

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

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

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

15       Sec. 1604. If an applicant for Medicaid coverage is found to  
16 be eligible, the department shall provide payment for all of the  
17 Medicaid covered and appropriately authorized services that have  
18 been provided to that applicant since the first day of the month in  
19 which the applicant filed and the department of human services  
20 received the application for Medicaid coverage. Receipt of the  
21 application by a local department of human services office is  
22 considered the date the application is received. If an application  
23 is submitted on the last day of the month and that day falls on a  
24 weekend or a holiday and the application is received by the local  
25 department of human services office on the first business day  
26 following the end of the month, then receipt of the application is  
27 considered to have been on the last day of the previous month. As

1 used in this section, "completed application" means an application  
2 complete on its face and signed by the applicant regardless of  
3 whether the medical documentation required to make an eligibility  
4 determination is included.

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

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

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

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

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

1 applicants shall be entitled to receive all medically necessary  
2 obstetrical and prenatal care without preauthorization from a  
3 health plan. All claims submitted for payment for obstetrical and  
4 prenatal care shall be paid at the Medicaid fee-for-service rate in  
5 the event a contract does not exist between the Medicaid  
6 participating obstetrical or prenatal care provider and the managed  
7 care plan. The applicant shall receive a listing of Medicaid  
8 physicians and managed care plans in the immediate vicinity of the  
9 applicant's residence.

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

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

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

25 Sec. 1611. (1) For care provided to medical services  
26 recipients with other third-party sources of payment, medical  
27 services reimbursement shall not exceed, in combination with such

1 other resources, including Medicare, those amounts established for  
2 medical services-only patients. The medical services payment rate  
3 shall be accepted as payment in full. Other than an approved  
4 medical services copayment, no portion of a provider's charge shall  
5 be billed to the recipient or any person acting on behalf of the  
6 recipient. Nothing in this section shall be considered to affect  
7 the level of payment from a third-party source other than the  
8 medical services program. The department shall require a  
9 nonenrolled provider to accept medical services payments as payment  
10 in full.

11 (2) Notwithstanding subsection (1), medical services  
12 reimbursement for hospital services provided to dual  
13 Medicare/medical services recipients with Medicare part B coverage  
14 only shall equal, when combined with payments for Medicare and  
15 other third-party resources, if any, those amounts established for  
16 medical services-only patients, including capital payments.

17 Sec. 1620. (1) For fee-for-service recipients who do not  
18 reside in nursing homes, the pharmaceutical dispensing fee shall be  
19 \$2.50 or the pharmacy's usual or customary cash charge, whichever  
20 is less. For nursing home residents, the pharmaceutical dispensing  
21 fee shall be \$2.75 or the pharmacy's usual or customary cash  
22 charge, whichever is less.

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

27 (3) It is the intent of the legislature that if the department



1 realizes savings as the result of the implementation of average  
2 manufacturers price for reimbursement of multiple source generic  
3 medication dispensing, as imposed pursuant to the federal deficit  
4 reduction act of 2005, Public Law 109-171, the savings shall be  
5 returned to pharmacies in the form of an increased dispensing fee  
6 for medications not to exceed 50 cents. The savings shall be  
7 calculated as the difference between the current methodology of  
8 payment, which is maximum allowable cost, and the proposed new  
9 reimbursement method of average manufacturers price.

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

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

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

22 Sec. 1625. The department shall continue its practice of  
23 placing all atypical antipsychotic medications on the Medicaid  
24 preferred drug list.

25 Sec. 1627. (1) The department shall use procedures and rebates  
26 amounts specified under section 1927 of title XIX, 42 USC 1396r-8,  
27 to secure quarterly rebates from pharmaceutical manufacturers for

1 outpatient drugs dispensed to participants in the MIChild program,  
2 maternal outpatient medical services program, children's special  
3 health care services, and adult benefit waiver program.

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

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

11 Sec. 1630. (1) Medicaid coverage for podiatric services, adult  
12 dental services, and chiropractic services shall continue at not  
13 less than the level in effect on October 1, 2002, except that  
14 reasonable utilization limitations may be adopted in order to  
15 prevent excess utilization. The department shall not impose  
16 utilization restrictions on chiropractic services unless a  
17 recipient has exceeded 18 office visits within 1 year.

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

21 Sec. 1631. (1) The department shall require copayments on  
22 dental, podiatric, chiropractic, vision, and hearing aid services  
23 provided to Medicaid recipients, except as prohibited by federal or  
24 state law or regulation.

25 (2) Except as otherwise prohibited by federal or state law or  
26 regulations, the department shall require Medicaid recipients to  
27 pay the following copayments:

1 (a) Two dollars for a physician office visit.

2 (b) Six dollars for a hospital emergency room visit.

3 (c) Fifty dollars for the first day of an inpatient hospital  
4 stay.

5 (d) One dollar for an outpatient hospital visit.

6 Sec. 1633. From the funds appropriated in part 1 for auxiliary  
7 medical services, the department shall allocate \$16,351,600.00 to  
8 expand the healthy kids dental program to additional counties in  
9 the state.

10 Sec. 1634. From the funds appropriated in part 1 for ambulance  
11 services, the department shall continue the 5% increase in payment  
12 rates for ambulance services implemented in fiscal year 2000-2001  
13 and continue the ground mileage reimbursement rate per statute mile  
14 at \$4.25.

15 Sec. 1635. From the funds appropriated in part 1 for physician  
16 services and health plan services, the department shall continue  
17 the increase in Medicaid reimbursement rates for obstetrical  
18 services implemented in fiscal year 2005-2006.

19 Sec. 1636. From the funds appropriated in part 1 for physician  
20 services and health plan services, the department shall continue  
21 the increase in Medicaid reimbursement rates for physician well  
22 child procedure codes and primary care procedure codes implemented  
23 in fiscal year 2006-2007. The increased reimbursement rates in this  
24 section shall not exceed the comparable Medicare payment rate for  
25 the same services.

26 Sec. 1637. (1) All adult Medicaid recipients shall be offered  
27 the opportunity to sign a Medicaid personal responsibility

1 agreement.

2 (2) The personal responsibility agreement shall include at  
3 minimum the following provisions:

4 (a) That the recipient shall not smoke.

5 (b) That the recipient shall attend all scheduled medical  
6 appointments.

7 (c) That the recipient shall exercise regularly.

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

10 (e) That the recipient shall abstain from abusing controlled  
11 substances and narcotics.

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

16 Sec. 1643. Of the funds appropriated in part 1 for graduate  
17 medical education in the hospital services and therapy line-item  
18 appropriation, not less than \$10,359,000.00 shall be allocated for  
19 the psychiatric residency training program that establishes and  
20 maintains collaborative relations with the schools of medicine at  
21 Michigan State University and Wayne State University if the  
22 necessary allowable Medicaid matching funds are provided by the  
23 universities.

24 Sec. 1647. From the funds appropriated in part 1 for medical  
25 services, the department shall allocate for graduate medical  
26 education not less than the level of rates and payments in effect  
27 on April 1, 2005.

1       Sec. 1648. The department shall maintain an automated toll-  
2 free telephone line and make available an online resource to enable  
3 medical providers to obtain enrollment and benefit information of  
4 Medicaid recipients. There shall be no charge to providers for the  
5 use of the toll-free telephone line or online resource.

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

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

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

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

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

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

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

[Sec. 1652. Effective October 1, 2007, the department shall  
implement changes in the Medicaid health plan contract to allow  
contracted HMOs to request service area expansions, unless prohibited by  
federal centers for Medicare and Medicaid services or other state laws,  
rules, or regulations. The department shall approve service expansion  
requests of contracted HMOs that can demonstrate adequate provider  
network capacity to serve the Medicaid population in the proposed service  
expansion area.]

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

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

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

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

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

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

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

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

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

1 any reason within the initial 90 days of enrollment.

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

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

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

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

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

27       (4) Prior to contracting with an HMO for managed care services



1 that did not have a contract with the department before October 1,  
2 2002, the department shall receive assurances from the office of  
3 financial and insurance services that the HMO meets the net worth  
4 and financial solvency requirements contained in chapter 35 of the  
5 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

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

11 (2) A hospital access agreement specified in subsection (1)  
12 shall be considered an affiliated provider contract pursuant to the  
13 requirements contained in chapter 35 of the insurance code of 1956,  
14 1956 PA 218, MCL 500.3501 to 500.3580.

15 Sec. 1659. The following sections of this act are the only  
16 ones that shall apply to the following Medicaid managed care  
17 programs, including the comprehensive plan, MIChoice long-term care  
18 plan, and the mental health, substance abuse, and developmentally  
19 disabled services program: 401, 402, 404, 411, 414, 418, 424, 428,  
20 456, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661,  
21 1662, 1666, 1699, 1711, 1749, and 1752.

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

26 (2) The primary responsibility of assuring a child's hearing  
27 and vision screening is with the child's primary care provider. The

1 primary care provider shall provide age-appropriate screening or  
2 arrange for these tests through referrals to local health  
3 departments. Local health departments shall provide preschool  
4 hearing and vision screening services and accept referrals for  
5 these tests from physicians or from Head Start programs in order to  
6 assure all preschool children have appropriate access to hearing  
7 and vision screening. Local health departments shall be reimbursed  
8 for the cost of providing these tests for Medicaid eligible  
9 children by the Medicaid program.

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

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

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

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

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

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

12 (3) The department shall assure the coordination of MSS/ISS  
13 services with the WIC program, state-supported substance abuse,  
14 smoking prevention, and violence prevention programs, the  
15 department of human services, and any other state or local program  
16 with a focus on preventing adverse birth outcomes and child abuse  
17 and neglect.

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

23 (2) The department shall provide a copy of the analysis of the  
24 Medicaid HMO annual audited health employer data and information  
25 set reports and the annual external quality review report to the  
26 senate and house of representatives appropriations subcommittees on  
27 community health, the senate and house fiscal agencies, and the

1 state budget director, within 30 days of the department's receipt  
2 of the final reports from the contractors.

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

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

10 Sec. 1666. To increase timely repayment of the maternity case  
11 rate to health plans and reduce the need to recover revenue from  
12 hospitals, the department shall implement system changes to assure  
13 that children who are born to mothers who are Medicaid eligible and  
14 enrolled in health plans are within 30 days after birth included in  
15 the Medicaid eligibility file and enrolled in the same health plan  
16 as the mother or any other health plan designated by the mother.

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

1 based private health care program.

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

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

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

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

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

27 (b) "Entity" means a health care corporation or insurer

1 operating in accordance with a prudent purchaser agreement.

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

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

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

15 Sec. 1673. (1) The department may establish premiums for  
16 MICHild eligible persons in families with income above 150% of the  
17 federal poverty level. The monthly premiums shall not be less than  
18 \$10.00 or exceed \$15.00 for a family.

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

21 Sec. 1677. The MICHild program shall provide all benefits  
22 available under the state employee insurance plan that are  
23 delivered through contracted providers and consistent with federal  
24 law, including, but not limited to, the following medically  
25 necessary services:

26 (a) Inpatient mental health services, other than substance  
27 abuse treatment services, including services furnished in a state-

1 operated mental hospital and residential or other 24-hour  
2 therapeutically planned structured services.

3 (b) Outpatient mental health services, other than substance  
4 abuse services, including services furnished in a state-operated  
5 mental hospital and community-based services.

6 (c) Durable medical equipment and prosthetic and orthotic  
7 devices.

8 (d) Dental services as outlined in the approved MICHild state  
9 plan.

10 (e) Substance abuse treatment services that may include  
11 inpatient, outpatient, and residential substance abuse treatment  
12 services.

13 (f) Care management services for mental health diagnoses.

14 (g) Physical therapy, occupational therapy, and services for  
15 individuals with speech, hearing, and language disorders.

16 (h) Emergency ambulance services.

17 Sec. 1680. Payment increases for enhanced wages and new or  
18 enhanced employee benefits provided in previous years through the  
19 Medicaid nursing home wage pass-through program shall be continued.

20 Sec. 1681. From the funds appropriated in part 1 for home- and  
21 community-based services, the department and local waiver agents  
22 shall encourage the use of family members, friends, and neighbors  
23 of home- and community-based services participants, where  
24 appropriate, to provide homemaker services, meal preparation,  
25 transportation, chore services, and other nonmedical covered  
26 services to participants in the Medicaid home- and community-based  
27 services program. This section shall not be construed as allowing

1 for the payment of family members, friends, or neighbors for these  
2 services unless explicitly provided for in federal or state law.

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

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

11 (3) The department is authorized to provide civil monetary  
12 penalty funds to the disability network of Michigan to be  
13 distributed to the 15 centers for independent living for the  
14 purpose of assisting individuals with disabilities who reside in  
15 nursing homes to return to their own homes.

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

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



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

11       Sec. 1686. (1) The department shall submit a report by April  
12 30, 2008 to the house of representatives and senate appropriations  
13 subcommittees on community health and the house and senate fiscal  
14 agencies on the progress of 4 Medicaid long-term care single point  
15 of entry services pilot projects. The department shall also submit  
16 a final plan to the house of representatives and senate  
17 subcommittees on community health and the house and senate fiscal  
18 agencies 60 days prior to any expansion of the program.

19       (2) In addition to the report required under subsection (1),  
20 the department shall report all of the following to the house of  
21 representatives and senate appropriations subcommittees on  
22 community health and the house of representatives and senate fiscal  
23 agencies by September 30, 2008:

24       (a) The total cost of the single point of entry program.

25       (b) The total cost of each designated single point of entry.

26       (c) The total amount of Medicaid dollars saved because of the  
27 program.

1 (d) The total number of emergent single point of entry cases  
2 handled and the average length of time for placement in long-term  
3 care for those cases.

4 (e) The total number of single point of entry cases involving  
5 transfer from hospital settings to long-term care settings and the  
6 average length of time for placement of those cases in long-term  
7 care settings.

8 (3) As used in this section, "single point of entry" means a  
9 system that enables consumers to access Medicaid long-term care  
10 services and supports through 1 agency or organization and that  
11 promotes consumer education and choice of long-term care options.

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

19 Sec. 1689. (1) Priority in enrolling additional persons in the  
20 Medicaid home- and community-based services waiver program shall be  
21 given to those who are currently residing in nursing homes or who  
22 are eligible to be admitted to a nursing home if they are not  
23 provided home- and community-based services. The department shall  
24 use screening and assessment procedures to assure that no  
25 additional Medicaid eligible persons are admitted to nursing homes  
26 who would be more appropriately served by the Medicaid home- and  
27 community-based services waiver program.

1           (2) Within 30 days of the end of each fiscal quarter, the  
2 department shall provide a report to the senate and house  
3 appropriations subcommittees on community health and the senate and  
4 house fiscal agencies that details existing and future allocations  
5 for the home- and community-based services waiver program by  
6 regions as well as the associated expenditures. The report shall  
7 include information regarding the net cost savings from moving  
8 individuals from a nursing home to the home- and community-based  
9 services waiver program, the number of individuals transitioned  
10 from nursing homes to the home- and community-based services waiver  
11 program, the number of individuals on waiting lists by region for  
12 the program, and the amount of funds transferred during the fiscal  
13 quarter. The report shall also include the number of Medicaid  
14 individuals served and the number of days of care for the home- and  
15 community-based services waiver program and in nursing homes.

16           Sec. 1691. From the funds appropriated in part 1 for the adult  
17 home help program, the department shall continue wage increases  
18 implemented in fiscal year 2006-2007 and is subject to the minimum  
19 wage law of 1964, 1964 PA 154, MCL 408.381 to 408.398.

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

1 disburse funds to participating school districts pursuant to such  
2 agreements and state and federal law.

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

6 (a) Finance activities within the medical services  
7 administration related to this project.

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

11 (c) Offset general fund costs associated with the medical  
12 services program.

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

19 Sec. 1694. The department of community health shall distribute  
20 \$695,000.00 to children's hospitals that have a high indigent care  
21 volume. The amount to be distributed to any given hospital shall be  
22 based on a formula determined by the department of community  
23 health.

24 Sec. 1697. (1) As may be allowed by federal law or regulation,  
25 the department may use funds provided by a local or intermediate  
26 school district, which have been obtained from a qualifying health  
27 system, as the state match required for receiving federal Medicaid

1 or children health insurance program funds. Any such funds received  
2 shall be used only to support new school-based or school-linked  
3 health services.

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

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

16 Sec. 1701. The department shall make available to Medicaid  
17 providers and HMOs an online resource that will list enrollment and  
18 benefits information for each Medicaid recipient. This resource  
19 shall be made available to providers and HMOs at no charge.

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

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

26 (b) Total expenditures for these services shall not exceed the  
27 level of total payments made during fiscal year 2001-2002, after

1 adjusting for Medicare copayments and deductibles and for changes  
2 in utilization.

3 (2) To ensure that total expenditures stay within the spending  
4 constraints of subsection (1)(b), the department shall develop a  
5 utilization adjustor for the basic 2-tier payment methodology. The  
6 adjustor shall be based on a good faith estimate by the department  
7 as to what the expected utilization of emergency room services will  
8 be during fiscal year 2007-2008, given changes in the number and  
9 category of Medicaid recipients. If expenditure and utilization  
10 data indicate that the amount and/or type of emergency physician  
11 professional services are exceeding the department's estimate, the  
12 utilization adjustor shall be applied to the 2-tier reimbursement  
13 methodology in such a manner as to reduce aggregate expenditures to  
14 the fiscal year 2001-2002 adjusted expenditure target.

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

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

27 Sec. 1716. The department shall seek to maintain a constant

1 enrollment level within the Medicaid adult benefits waiver program  
2 throughout fiscal year 2007-2008.

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

13 (2) By September 30, 2008, the department shall report to the  
14 senate and house appropriations subcommittees on community health  
15 and the senate and house fiscal agencies on the new distribution of  
16 funding to each eligible hospital from the 2 pools.

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

1 requested.

2       Sec. 1721. The department shall conduct a review of Medicaid  
3 eligibility pertaining to funds prepaid to a nursing home or other  
4 health care facility that are subsequently returned to an  
5 individual who becomes Medicaid eligible and shall report its  
6 findings to the members of the house and senate appropriations  
7 subcommittees on community health and the house and senate fiscal  
8 agencies not later than May 15, 2008. Included in its report shall  
9 be recommendations for policy and procedure changes regarding  
10 whether any funds prepaid to a nursing home or other health care  
11 facility that are subsequently returned to an individual, after the  
12 date of Medicaid eligibility and patient pay amount determination,  
13 shall be considered as a countable asset and recommendations for a  
14 mechanism for departmental monitoring of those funds.

15       Sec. 1722. (1) From the funds appropriated in part 1 for  
16 special Medicaid reimbursement payments, the department is  
17 authorized to make a disproportionate share payment of  
18 \$33,167,700.00 for health services provided by Hutzel Hospital.

19       (2) The funding authorized under subsection (1) shall only be  
20 expended if the necessary Medicaid matching funds are provided by,  
21 or on behalf of, the hospital as allowable state match.

22       Sec. 1725. The department shall continue to work with the  
23 department of human services to reduce Medicaid eligibility errors  
24 related to basic eligibility requirements and income requirements.

25       Sec. 1728. The department shall make available to qualifying  
26 Medicaid recipients, not based on Medicare guidelines, freestanding  
27 electrical lifting and transferring devices.



1       Sec. 1735. (1) The department shall establish a committee that  
2 will attempt to identify possible Medicaid program savings  
3 associated with the creation of a preferred provider program or an  
4 alternative program for durable medical equipment.

5       (2) To assure quality and access, the preferred provider  
6 program shall involve providers who can offer a broad statewide  
7 network of services and who are accredited by the joint commission  
8 on accreditation of health care organizations or the accreditation  
9 commission for health care, inc.

10       (3) This committee shall include, at minimum, representatives  
11 from each of the contracted Medicaid HMOs, the medical services  
12 administration, the Michigan state medical society, the Michigan  
13 osteopathic society, the Michigan home health association, the  
14 Michigan health and hospital association, and 2 accredited  
15 providers.

16       (4) By October 1, 2007, the department shall report to the  
17 senate and house of representatives subcommittees on community  
18 health and the state budget director on possible durable medical  
19 equipment contracting opportunities and anticipated Medicaid  
20 program savings.

21       (5) The department shall provide a copy of any proposed  
22 Medicaid policy changes for durable medical equipment to the house  
23 of representatives and senate subcommittees on community health,  
24 the senate and house fiscal agencies, and the state budget director  
25 at least 30 days prior to implementation.

26       Sec. 1740. From the funds appropriated in part 1 for health  
27 plan services, the department shall assure that all GME funds are

1 promptly distributed to qualifying hospitals using a methodology  
2 developed in consultation with the graduate medical education  
3 advisory group. The advisory group shall include representatives of  
4 the Michigan health and hospital association and Michigan  
5 association of health plans.

6       Sec. 1741. The department shall continue to provide nursing  
7 homes the opportunity to receive interim payments upon their  
8 request. The department shall make efforts to ensure that the  
9 interim payments are as similar to expected cost-settled payments  
10 as possible.

11       Sec. 1742. The department shall allow the retention of  
12 \$1,000,000.00 in special Medicaid reimbursement funding by any  
13 public hospital that meets each of the following criteria:

14       (a) The hospital participates in the intergovernmental  
15 transfers.

16       (b) The hospital is not affiliated with a university.

17       (c) The hospital provides surgical services.

18       (d) The hospital has at least 10,000 Medicaid bed days.

19       Sec. 1749. Effective September 30, 2007, the department shall  
20 require all Medicaid health plans to use the same standard billing  
21 formats.

22       Sec. 1752. The department shall provide a Medicaid health plan  
23 with any information that may assist the Medicaid health plan in  
24 determining whether another party may be responsible, in whole or  
25 in part, for the payment of health benefits.

26       Sec. 1756. The department shall implement a specialized case  
27 management program to serve the most costly Medicaid beneficiaries

1 who are not enrolled in a health plan and are noncompliant with  
2 medical management, including persons with chronic diseases and  
3 mental health diagnoses, high prescription drug utilizers, members  
4 demonstrating noncompliance with previous medical management, and  
5 neonates. The case management program shall, at a minimum, provide  
6 a performance payment incentive for physicians who manage the  
7 recipient's care and health costs in the most effective way. The  
8 department may also develop additional contractual arrangements  
9 with 1 or more Medicaid HMOs for the provision of specialized case  
10 management services. Contracts with Medicaid HMOs may include  
11 provisions requiring collection of data related to Medicaid  
12 recipient compliance. Measures of patient compliance may include  
13 the proportion of clients who fill their prescriptions, the rate of  
14 clients who do not show for scheduled medical appointments, and the  
15 proportion of clients who use their medication.

16       Sec. 1758. The department shall submit a report on the number  
17 of individuals who receive the emergency services only Medicaid  
18 benefit and the annual amount of Medicaid expenditures for this  
19 population to the house of representatives and senate  
20 appropriations subcommittees on community health and the house and  
21 senate fiscal agencies by April 1, 2008.

22       Sec. 1759. The department shall implement the following policy  
23 changes included in the federal deficit reduction act of 2005,  
24 Public Law 109-171:

25       (a) Lengthening the look back policy for asset transfers from  
26 3 to 5 years.

27       (b) Changing the penalty period to begin the day an individual

1 applies for Medicaid.

2 (c) Individuals with more than \$500,000.00 in home equity do  
3 not qualify for Medicaid.

4 (d) Utilize the Medicaid false claim act, 1977 PA 72, MCL  
5 400.601 to 400.613, to collect an enhanced state share of damages  
6 collected from entities that have been successfully prosecuted for  
7 filing a fraudulent Medicaid claim.

8 Sec. 1767. The department shall study and evaluate the impact  
9 of the change in the way in which the Medicaid program pays  
10 pharmacists for prescriptions from average wholesale price to  
11 average manufacturer price as required by the federal deficit  
12 reduction act of 2005, Public Law 109-171. By March 1, 2008, the  
13 department shall submit a report of its study to the senate and  
14 house of representatives appropriations subcommittees on community  
15 health and the senate and house fiscal agencies. If the department  
16 finds that there is a negative impact on the pharmacists, the  
17 department shall reexamine the current pharmaceutical dispensing  
18 fee structure established under section 1620 and include in the  
19 report recommendations and proposals to counter the negative impact  
20 of that federal legislation.

21 Sec. 1768. (1) From the funds appropriated in part 1 for home  
22 health services, \$71,345,400.00 is appropriated for hospice  
23 services and \$5,580,300.00 is appropriated for home health care  
24 services.

25 (2) The department may adjust the allocation between the  
26 services specified in subsection (1) based on actual expenditures,  
27 but shall not exceed the total appropriation in the home health

1 services line item for those services.

2 Sec. 1769. (1) From the funds appropriated in part 1 for  
3 auxiliary medical services, \$102,102,800.00 is appropriated for  
4 dental services and \$5,621,300.00 is appropriated for auxiliary  
5 medical care services.

6 (2) The department may adjust the allocation between the  
7 services specified in subsection (1) based on actual expenditures,  
8 but shall not exceed the total appropriation in the auxiliary  
9 medical services line item for those services.

10 Sec. 1770. In conjunction with the consultation requirements  
11 of the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, and  
12 except as otherwise provided in this section, the department shall  
13 attempt to make the effective date for a proposed Medicaid policy  
14 bulletin or adjustment to the Medicaid provider manual on October  
15 1, January 1, April 1, or July 1 after the end of the consultation  
16 period. The department may provide an effective date for a proposed  
17 Medicaid policy bulletin or adjustment to the Medicaid provider  
18 manual other than provided for in this section if necessary to be  
19 in compliance with federal or state law, regulations, or rules or  
20 with an executive order of the governor.

21 Sec. 1771. From the funds appropriated in part 1 for adult  
22 home help services, all adult home help workers providing care  
23 under the adult home help program shall receive a wage increase of  
24 \$0.10 per hour, effective October 1, 2007.

25 Sec. 1772. From the funds appropriated in part 1, the  
26 department shall establish a program on or before January 1, 2008,  
27 the primary goal of which is to enroll all children in foster care

1 in Michigan in a Medicaid health maintenance organization.