

**STATE OF MICHIGAN  
98TH LEGISLATURE  
REGULAR SESSION OF 2016**

Introduced by Senators Stamas, Shirkey, Proos, Horn and MacGregor

**ENROLLED SENATE BILL No. 988**

AN ACT to amend 2000 PA 489, entitled “An act to create certain funds; to provide for the allocation of certain revenues among certain funds and for the operation, investment, and expenditure of certain funds; and to impose certain duties and requirements on certain state officials,” by amending sections 2 and 6 (MCL 12.252 and 12.256), section 2 as amended by 2016 PA 193, and by adding section 11.

*The People of the State of Michigan enact:*

Sec. 2. As used in this act:

(a) “Community district education trust fund” means the community district education trust fund created in section 12.

(b) “Health services fund” means the health services fund created in section 11.

(c) “Medicaid benefits trust fund” means the Michigan Medicaid benefits trust fund established in section 5.

(d) “Medicaid program” means a program for medical assistance established under title XIX of the social security act, 42 USC 1396 to 1396w-5.

(e) “Medicaid special financing payments” means the Medicaid special adjustor payments each year authorized in the department of community health appropriations act.

(f) “Michigan merit award trust fund” means the Michigan merit award trust fund established in section 9.

(g) “Tobacco settlement revenue” means money received by this state that is attributable to the master settlement agreement incorporated into a consent decree and final judgment entered into on December 7, 1998 in Kelly Ex Rel. Michigan v Philip Morris Incorporated, et al., Ingham County circuit court, docket No. 96-84281CZ, including any rights to receive money attributable to the master settlement agreement that has been sold by this state.

(h) “21st century jobs trust fund” means the 21st century jobs trust fund established in section 7.

Sec. 6. The legislature shall authorize the expenditure of Medicaid benefits trust fund revenues through an appropriation act only for 1 or more of the following purposes:

(a) To finance a shortfall in the Medicaid program due to a disallowance of Medicaid payments from the federal government.

(b) To offset any decline in revenue caused by federal Medicaid policy changes.

(c) For any other purpose as provided by law.

Sec. 11. (1) The health services fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the health services fund. The state treasurer shall direct the investment of the health services fund. The state treasurer shall credit to the health services fund interest and earnings from health services fund investments.

(3) Money in the health services fund at the close of the fiscal year shall remain in the health services fund and shall not lapse to the general fund.

(4) The department of treasury shall be the administrator of the health services fund for auditing purposes.

(5) The department of treasury shall expend money from the health services fund, upon appropriation, only as provided in this section. On the first day of each month, the state treasurer shall make a distribution from the health services fund in the following order of priority:

(a) Per state fiscal year, not less than \$2,000,000.00 to the fund described in section 5402 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5402. The funds distributed subject to this subdivision shall be used exclusively for assisting qualified water suppliers in satisfying the requirements of the federal safe drinking water act described in section 5402 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5402, and for the distribution of low-interest loans and grants to community and noncommunity qualified water suppliers.

(b) Per state fiscal year, not less than \$100,000,000.00 shall be distributed to the department of health and human services for community mental health non-Medicaid services. No less than 5% of the funds distributed subject to this subdivision shall be used to support statewide adverse childhood experience intervention services.

(c) Per state fiscal year, not less than \$30,000,000.00 shall be distributed to the department of health and human services for local public health for non-Medicaid services.

(d) Per state fiscal year, except as otherwise provided in this subdivision, not less than \$204,000,000.00 shall be distributed to the department of health and human services for the federal Medicare pharmaceutical program. For the fiscal year 2016-2017 only, not less than \$150,000,000.00 shall be distributed to the department of health and human services for the federal Medicare pharmaceutical program.

(e) After the distributions described in subdivisions (a) to (d), an amount that equals the remaining funds available shall be distributed to the department of corrections for clinical and mental health services.

(6) Money deposited into the health services fund pursuant to this section shall not be used for any Medicaid benefits provided under the medical assistance program created under sections 105 and 105d of the social welfare act, 1939 PA 280, MCL 400.105 and 400.105d, or for the medical services administration within the department of health and human services for the administration of the medical assistance program created under sections 105 and 105d of the social welfare act, 1939 PA 280, MCL 400.105 and 400.105d.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:

- (a) Senate Bill No. 987.
- (b) Senate Bill No. 989.
- (c) Senate Bill No. 990.

This act is ordered to take immediate effect.

Secretary of the Senate

Clerk of the House of Representatives

Approved .....

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Governor