

**SUBSTITUTE FOR
SENATE BILL NO. 253**

A bill to make, supplement, and adjust appropriations for various state departments and agencies and school aid purposes for the fiscal years ending September 30, 2017 and September 30, 2018; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS
FOR FISCAL YEAR 2017-2018

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2018, from the following funds:

APPROPRIATION SUMMARY

1	GROSS APPROPRIATION.....	\$	4,138,300
2	Total interdepartmental grants and intradepartmental		
3	transfers		0
4	ADJUSTED GROSS APPROPRIATION.....	\$	4,138,300
5	Total federal revenues.....		0
6	Total local revenues.....		0
7	Total private revenues.....		0
8	Total other state restricted revenues.....		0
9	State general fund/general purpose.....	\$	4,138,300
10	Sec. 102. DEPARTMENT OF AGRICULTURE AND RURAL		
11	DEVELOPMENT		
12	(1) APPROPRIATION SUMMARY		
13	GROSS APPROPRIATION.....	\$	250,000
14	Interdepartmental grant revenues:		
15	Total interdepartmental grants and intradepartmental		
16	transfers		0
17	ADJUSTED GROSS APPROPRIATION.....	\$	250,000
18	Federal revenues:		
19	Total federal revenues.....		0
20	Special revenue funds:		
21	Total local revenues.....		0
22	Total private revenues.....		0
23	Total other state restricted revenues.....		0
24	State general fund/general purpose.....	\$	250,000
25	(2) FOOD AND DAIRY		
26	Food safety and quality assurance.....	\$	<u>150,000</u>

1	GROSS APPROPRIATION.....	\$	150,000
2	Appropriated from:		
3	State general fund/general purpose.....	\$	150,000
4	(3) ONE-TIME APPROPRIATIONS		
5	Campground development grant.....	\$	<u>100,000</u>
6	GROSS APPROPRIATION.....	\$	100,000
7	Appropriated from:		
8	State general fund/general purpose.....	\$	100,000
9	Sec. 103. CAPITAL OUTLAY		
10	(1) APPROPRIATION SUMMARY		
11	GROSS APPROPRIATION.....	\$	100
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and intradepartmental		
14	transfers		0
15	ADJUSTED GROSS APPROPRIATION.....	\$	100
16	Federal revenues:		
17	Total federal revenues.....		0
18	Special revenue funds:		
19	Total local revenues.....		0
20	Total private revenues.....		0
21	Total other state restricted revenues.....		0
22	State general fund/general purpose.....	\$	100
23	(2) STATE BUILDING AUTHORITY FINANCED CONSTRUCTION		
24	AUTHORIZATIONS		
25	Western Michigan University - School of Aviation		
26	renovation and addition (total authorized cost		

1	\$20,000,000; state building authority share		
2	\$14,999,800; university share \$5,000,000; state		
3	general fund share \$200)	\$	<u>100</u>
4	GROSS APPROPRIATION.....	\$	100
5	Appropriated from:		
6	State general fund/general purpose	\$	100
7	Sec. 104. DEPARTMENT OF ENVIRONMENTAL QUALITY		
8	(1) APPROPRIATION SUMMARY		
9	GROSS APPROPRIATION.....	\$	1,000,000
10	Interdepartmental grant revenues:		
11	Total interdepartmental grants and intradepartmental		
12	transfers		0
13	ADJUSTED GROSS APPROPRIATION.....	\$	1,000,000
14	Federal revenues:		
15	Total federal revenues.....		0
16	Special revenue funds:		
17	Total local revenues.....		0
18	Total private revenues.....		0
19	Total other state restricted revenues.....		0
20	State general fund/general purpose	\$	1,000,000
21	(2) REMEDIATION AND REDEVELOPMENT DIVISION		
22	Contaminated site investigations, cleanup and		
23	revitalization	\$	<u>1,000,000</u>
24	GROSS APPROPRIATION.....	\$	1,000,000
25	Appropriated from:		
26	State general fund/general purpose	\$	1,000,000

1	Sec. 105. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
2	(1) APPROPRIATION SUMMARY		
3	GROSS APPROPRIATION.....	\$	1,662,000
4	Interdepartmental grant revenues:		
5	Total interdepartmental grants and intradepartmental		
6	transfers		0
7	ADJUSTED GROSS APPROPRIATION.....	\$	1,662,000
8	Federal revenues:		
9	Total federal revenues.....		0
10	Special revenue funds:		
11	Total local revenues.....		0
12	Total private revenues.....		0
13	Total other state restricted revenues.....		0
14	State general fund/general purpose.....	\$	1,662,000
15	(2) COMMUNITY SERVICES AND OUTREACH		
16	School success partnership program.....	\$	<u>75,000</u>
17	GROSS APPROPRIATION.....	\$	75,000
18	Appropriated from:		
19	State general fund/general purpose.....	\$	75,000
20	(3) CHILDREN'S SERVICES AGENCY - CHILD WELFARE		
21	Youth in transition.....	\$	<u>280,000</u>
22	GROSS APPROPRIATION.....	\$	280,000
23	Appropriated from:		
24	State general fund/general purpose.....	\$	280,000
25	(4) FIELD OPERATIONS AND SUPPORT SERVICES		
26	Public assistance field staff.....	\$	<u>75,000</u>
27	GROSS APPROPRIATION.....	\$	75,000

1	Appropriated from:		
2	State general fund/general purpose	\$	75,000
3	(5) EMERGENCY MEDICAL SERVICES, TRAUMA, AND		
4	PREPAREDNESS		
5	Emergency medical services program	\$	<u>182,000</u>
6	GROSS APPROPRIATION	\$	182,000
7	Appropriated from:		
8	State general fund/general purpose	\$	182,000
9	(6) ONE-TIME BASIS ONLY APPROPRIATIONS		
10	Primary care and dental health services	\$	300,000
11	Double up food bucks		750,000
12	Direct primary care pilot program		(5,724,000)
13	Direct primary care pilot program		<u>5,724,000</u>
14	GROSS APPROPRIATION	\$	1,050,000
15	Appropriated from:		
16	State general fund/general purpose	\$	1,050,000
17	Sec. 106. DEPARTMENT OF NATURAL RESOURCES		
18	(1) APPROPRIATION SUMMARY		
19	GROSS APPROPRIATION	\$	1,226,200
20	Interdepartmental grant revenues:		
21	Total interdepartmental grants and intradepartmental		
22	transfers		0
23	ADJUSTED GROSS APPROPRIATION	\$	1,226,200
24	Federal revenues:		
25	Total federal revenues		0
26	Special revenue funds:		

1	Total local revenues.....	0
2	Total private revenues.....	0
3	Total other state restricted revenues.....	0
4	State general fund/general purpose.....	\$ 1,226,200
5	(2) ONE-TIME APPROPRIATIONS	
6	Bay City state recreation area, playscape	
7	reconstruction	\$ 500,000
8	Onaway State Park, pavilion reconstruction.....	500,000
9	Snowmobile local grants program (one-time)	<u>226,200</u>
10	GROSS APPROPRIATION.....	\$ 1,226,200
11	Appropriated from:	
12	State general fund/general purpose.....	\$ 1,226,200

13 PART 1A

14 LINE-ITEM APPROPRIATIONS

15 FOR FISCAL YEAR 2016-2017

16 APPROPRIATION SUMMARY

17	GROSS APPROPRIATION.....	\$	6,596,100
18	Total interdepartmental grants and intradepartmental		
19	transfers		0
20	ADJUSTED GROSS APPROPRIATION.....	\$	6,596,100
21	Total unexpended work project revenue.....		4,327,300
22	Total federal revenues.....		2,000,000
23	Total local revenues.....		268,800
24	Total private revenues.....		0
25	Total other state restricted revenues.....		0

1	State general fund/general purpose	\$	0
2	Sec. 151. DEPARTMENT OF MILITARY AND VETERANS		
3	AFFAIRS		
4	(1) APPROPRIATION SUMMARY		
5	GROSS APPROPRIATION	\$	2,268,800
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers		0
9	ADJUSTED GROSS APPROPRIATION	\$	2,268,800
10	Federal revenues:		
11	Total federal revenues		2,000,000
12	Special revenue funds:		
13	Total local revenues		268,800
14	Total private revenues		0
15	Total other state restricted revenues		0
16	State general fund/general purpose	\$	0
17	(2) MILITARY		
18	Michigan youth challenge academy	\$	268,800
19	National Guard operations		<u>2,000,000</u>
20	GROSS APPROPRIATION	\$	2,268,800
21	Appropriated from:		
22	Federal revenues:		
23	Total federal revenue		2,000,000
24	Special revenue funds:		
25	Local - school aid fund		268,800
26	State general fund/general purpose	\$	0

Sec. 152. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	4,327,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	4,327,300
Total unexpended work project revenue		4,327,300
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0
(2) INFORMATION TECHNOLOGY		
Treasury operations information technology services		
and projects	\$	<u>4,327,300</u>
GROSS APPROPRIATION.....	\$	4,327,300
Appropriated from:		
Total unexpended work project revenue		4,327,300
State general fund/general purpose	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2017-2018

1 **GENERAL SECTIONS**

2 Sec. 201. In accordance with the provisions of section 30 of
3 article IX of the state constitution of 1963, total state spending
4 from state resources in this appropriation act for the fiscal year
5 ending September 30, 2018 is \$4,138,300.00 and total state spending
6 from state resources paid to local units of government is \$0.00.

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

10 **DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

11 Sec. 301. From the funds appropriated in part 1 for food
12 safety and quality assurance, the department of agriculture and
13 rural development shall issue a grant of \$150,000.00 to a third-
14 party entity for the purposes of providing education and training
15 as it relates to proper management of draft beer delivery systems.
16 The grant issued under this section shall be focused on providing
17 education and training to the new entities that were given the
18 ability by 2016 PA 514 to fill growlers for off-premises
19 consumption under section 537 of the Michigan liquor control code
20 of 1998, 1998 PA 58, MCL 436.1537.

21 Sec. 302. From the funds appropriated in part 1 for campground
22 development grant, the department of agriculture and rural
23 development shall allocate \$100,000.00 to a county with a
24 population of greater than 130,000 people but less than 140,000
25 people according to the most recent federal decennial census. This
26 funding shall be used to aid in the acquisition and development of

1 property for a campground for visitors to an equestrian center
2 located within that county.

3 **CAPITAL OUTLAY**

4 Sec. 351. For the state building authority financed
5 construction authorization in part 1, the legislature hereby
6 determines that the lease of the facility from the authority is for
7 a public purpose as authorized by 1964 PA 183, MCL 830.411 to
8 830.425. The legislature approves and authorizes the lease and
9 conveyance of the property to the state building authority, the
10 state building authority acquiring the facility and leasing it to
11 the state and the educational institution, or state, as applicable,
12 and the governor and secretary of state executing the lease for and
13 on behalf of the state pursuant to the requirements of 1964 PA 183,
14 MCL 830.411 to 830.425. Per the requirements of the lease, it is
15 the intent of the legislature to annually appropriate sufficient
16 amounts to pay the rent as obligated pursuant to the lease.

17 **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

18 Sec. 401. From funds appropriated in part 1 for youth in
19 transition, \$280,000.00 shall be awarded to a foundation that
20 provides housing at a charter high school for students ages 16 to
21 22 who have previously dropped out or are at risk of not graduating
22 on time operating in a county with a population of greater than
23 172,000 but less than 175,000 according to the most recent federal
24 decennial census. It is the intent of the legislature that this is
25 the second year out of 3 years that funding is to be provided by

1 the legislature for the foundation described in this section.

2 Sec. 402. From the funds appropriated in part 1 for school
3 success partnership program, the department of health and human
4 services shall allocate \$75,000.00 by December 1 of the current
5 fiscal year to support the Northeast Michigan Community Service
6 Agency programming, which will take place in each county in the
7 governor's prosperity region 3.

8 Sec. 405. From the funds appropriated in part 1 for emergency
9 medical services, the department of health and human services shall
10 allocate \$182,000.00 for emergency medical services in the Upper
11 Peninsula for the provision of emergency medical services in rural
12 counties.

13 Sec. 406. From the funds appropriated in part 1 for primary
14 care and dental health services, \$300,000.00 shall be allocated for
15 primary care clinic and dental health clinic services for indigent
16 individuals to be provided in clinic locations in the city of
17 Detroit and Wayne County by a public nonprofit organization that is
18 pursuing certification as a federally qualified health center and
19 is expected to be certified within 2 years.

20 Sec. 407. (1) The department shall apply to CMS for a waiver
21 to allow the department to bill CMS for direct primary care
22 services for Medicaid enrollees. After the department receives a
23 response from CMS regarding the waiver, the department shall do 1
24 of the following:

25 (a) If CMS approves the waiver, from the funds appropriated in
26 part 1 for direct primary care pilot program, the department shall
27 expend \$710,000.00 general fund/general purpose plus associated

1 federal match for this program as part of a work project.

2 (b) If CMS does not approve the waiver, from the funds
3 appropriated in part 1 for direct primary care pilot program, the
4 department shall expend \$864,000.00 general fund/general purpose to
5 fund a direct primary care pilot program as part of a work project.

6 (2) If the waiver in subsection (1) is approved, the
7 department shall implement a direct primary care pilot program for
8 Medicaid enrollees that shall run from October 1, 2017 to September
9 30, 2018. The pilot program shall include no more than 400
10 enrollees from each of the following Medicaid eligibility
11 categories:

12 (a) Childless adults.

13 (b) Children ages 0 to 6 years.

14 (c) Children ages 7 to 18 years.

15 (d) Parents.

16 (e) Elderly individuals.

17 (f) Disabled individuals.

18 (3) If the waiver in subsection (1) is not approved, the
19 department shall implement a direct primary care pilot program for
20 Medicaid enrollees that shall run from October 1, 2017 to September
21 30, 2018. The pilot program shall include no more than 400
22 enrollees from each of the following Medicaid eligibility
23 categories:

24 (a) Childless adults.

25 (b) Children ages 0 to 18 years.

26 (c) Parents.

27 (4) The department shall open enrollment for the direct

1 primary care pilot program to all Medicaid beneficiaries and shall
2 keep enrollment open until the limits described in subsections (2)
3 and (3) are reached. For the purposes of the pilot program, each
4 enrollee, up to the limits described in subsections (2) and (3),
5 that opts in to the pilot program shall be enrolled in a single,
6 eligible direct primary care service provider plan. The department
7 shall maintain and publicly share a list of eligible direct primary
8 care service providers with potential pilot program enrollees.

9 (5) An eligible direct primary care service provider must meet
10 the following requirements:

11 (a) The direct primary care service provider must be a
12 licensed physician in a primary care specialty.

13 (b) If the waiver in subsection (1) is approved, the monthly
14 direct primary care enrollment fee shall not exceed a weighted
15 average of \$70.00 per month across all eligibility categories. The
16 average shall be weighted by the population makeup of the pilot
17 program. If the waiver in subsection (1) is not approved, the
18 monthly direct primary care enrollment fee shall not exceed a
19 weighted average of \$60.00 per month across all eligibility
20 categories. The average shall be weighted by the population makeup
21 of the pilot program.

22 (c) The direct primary care service provider will be
23 contracted with the department and must not accept any other third-
24 party payments for providing health care services to enrollees
25 under this pilot program.

26 (d) The direct primary care service provider must only provide
27 primary care services.

1 (e) The direct primary care service provider's services must
2 include, but are not limited to, access to telemedicine and same or
3 next business day appointments.

4 (6) Managed care organizations contracted by this state to
5 provide Medicaid services within the county where a direct primary
6 care pilot program enrollee lives shall authorize direct primary
7 care service providers participating in the pilot program to serve
8 as "gateway" service providers who are able to refer pilot
9 enrollees to non-primary-care services within the managed care
10 organization's provider network. The managed care provider is not
11 liable for increased costs resulting from the implementation of the
12 pilot program. The direct primary care service providers must do
13 all of the following:

14 (a) Only refer pilot program enrollees to non-primary-care
15 service providers within the managed care organization's provider
16 network when making referrals for non-primary-care services.

17 (b) For pharmacy services not covered in the direct primary
18 care services agreement, only authorize the use of pharmaceuticals
19 covered under the managed care organization's formulary management
20 system.

21 (c) Follow all prior authorization requirements mandated by
22 the managed care organization.

23 (7) The department shall have access to the patient records of
24 each enrollee in the pilot program for the sole purpose of
25 aggregate data collection.

26 (8) On a quarterly basis, the department shall report to the
27 senate and house appropriations subcommittees on the department

1 budget, the senate and house fiscal agencies, the senate and house
2 policy offices, and the state budget office on the implementation
3 of the direct primary care pilot program. The report shall include,
4 but is not limited to, the following performance metrics:

5 (a) The number of enrollees in the pilot program by
6 eligibility category.

7 (b) The per-member-per-month rate paid in the previous fiscal
8 year per eligibility category.

9 (c) The number of claims paid in the previous fiscal year per
10 eligibility category.

11 (d) The number of claims per category weighted to reflect 400
12 enrollees.

13 (e) The dollar value of all claims per eligibility category.

14 (f) The per-member-per-month actual cost. As used in this
15 subdivision, "per-member-per-month actual cost" means the direct
16 primary care plan costs and any managed care costs not covered
17 through the direct primary care plan, including managed care
18 provider overhead costs.

19 (g) The average direct primary care cost per enrollee per
20 eligibility category.

21 (h) The average number of actual claims per eligibility
22 category.

23 (i) The average actual dollar value of claims per eligibility
24 category.

25 (j) The number of enrollees in the pilot program during the
26 previous quarter who are no longer eligible for Medicaid in the
27 current quarter, broken down by eligibility category.

1 (k) The category savings subtotal. As used in this
2 subdivision, "category savings subtotal" means the per-member-per-
3 month rate paid in fiscal year 2016-2017 minus the per-member-per-
4 month actual cost, times the number of enrollees in the eligibility
5 category.

6 (l) The total savings. As used in this subdivision, "total
7 savings" means the per-member-per-month rate paid in the previous
8 fiscal year minus the per-member-per-month actual cost, times the
9 total number of enrollees in the program.

10 (9) Unexpended and unencumbered funds up to a maximum of
11 \$2,016,000.00 general fund/general purpose revenue plus any
12 associated federal match remaining in accounts appropriated in part
13 1 for direct primary care pilot program are designated as work
14 project appropriations, and any unencumbered or unallotted funds
15 shall not lapse at the end of the fiscal year and shall be
16 available for expenditures for the direct primary care pilot
17 program for Medicaid under this section until the work project has
18 been completed. All of the following are in compliance with section
19 451a(1) of the management and budget act, 1984 PA 431, MCL
20 18.1451a:

21 (a) The purpose of the work project is to fund the cost of a
22 direct primary care pilot program as provided by this section.

23 (b) The work project will be accomplished by contracting with
24 a managed care organization under contract with the department to
25 provide Medicaid services.

26 (c) The total estimated completion cost of the work project is
27 \$6,048,000.00.

1 (d) The tentative completion date is September 30, 2020.

2 (10) The department may take out a stop loss policy to
3 mitigate the potential cost impact if pilot program per-member-per-
4 month costs exceed per-member-per-month costs for the program the
5 enrollee would have been in had he or she not participated in the
6 pilot program. The cost of the stop loss plan shall not be used in
7 the assessment of the success of the pilot program.

8 PART 2A

9 PROVISIONS CONCERNING APPROPRIATIONS

10 FOR FISCAL YEAR 2016-2017

11 GENERAL SECTIONS

12 Sec. 1201. Pursuant to section 30 of article IX of the state
13 constitution of 1963, total state spending from state resources
14 under part 1A for fiscal year 2016-2017 is \$0.00 and state spending
15 from state resources to be paid to local units of government for
16 fiscal year 2016-2017 is \$0.00.

17 Sec. 1202. The appropriations authorized under part 1A are
18 subject to the management and budget act, 1984 PA 431, MCL 18.1101
19 to 18.1594.

20 DEPARTMENT OF ATTORNEY GENERAL

21 Sec. 1301. The amount of \$5,800,000.00 of unexpended lawsuit
22 settlement proceeds fund revenues at the end of the fiscal year
23 shall remain in the lawsuit settlement proceeds fund and carry
24 forward into the succeeding fiscal year.

1 **DEPARTMENT OF TREASURY**

2 Sec. 1401. Unexpended and unencumbered funds up to a maximum
3 of \$4,327,300.00 remaining in accounts appropriated for tax
4 processing - individual income tax direct E-file in 2014 PA 252,
5 road funding IT changes in section 701 of 2015 PA 6, tax processing
6 for special taxes CustFin in 2015 PA 84, and free individual tax e-
7 file in 2016 PA 268 are reappropriated for the fiscal year ending
8 September 30, 2017 for treasury operations information technology
9 services and projects.

10 Sec. 1402. The unexpended funds appropriated for a motor fuel,
11 tobacco tax, and customer financial system replacement are
12 designated as a work project appropriation, and any unencumbered or
13 unallotted funds shall not lapse at the end of the fiscal year and
14 shall be available for expenditures for projects under this section
15 until the projects have been completed. The following is in
16 compliance with section 451a(1) of the management and budget act,
17 1984 PA 431, MCL 18.1451a:

18 (a) The purpose of the project is to implement a motor fuel,
19 tobacco tax, and customer financial system replacement.

20 (b) The project will be accomplished by state employees and
21 contracts with private vendors.

22 (c) The total cost of the project is \$4,327,300.00

23 (d) The tentative completion date is September 30, 2019.

24 **REPEALER**

25 Enacting section 1. Section 1913 of article X of 2017 PA 107
26 is repealed.