

Act No. 322
Public Acts of 1988
Approved by the Governor
August 17, 1988
Filed with the Secretary of State
August 18, 1988

**STATE OF MICHIGAN
84TH LEGISLATURE
REGULAR SESSION OF 1988**

Introduced by Reps. Jacobetti and Holliister

ENROLLED HOUSE BILL No. 5448

AN ACT to make appropriations for the department of social services and certain state purposes related to public welfare services for the fiscal year ending September 30, 1989; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain state departments, agencies, and officers.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for the department of social services and certain state purposes related to public welfare services for the fiscal year ending September 30, 1989, from the following funds:

DEPARTMENT OF SOCIAL SERVICES

APPROPRIATIONS SUMMARY:

Full-time equated classified positions.....	13,166.1	
Full-time equated unclassified positions	6.0	
Total full-time equated positions	13,172.1	
GROSS APPROPRIATION		\$ 4,444,987,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers	737,700	
ADJUSTED GROSS APPROPRIATION		\$ 4,444,249,600
Federal revenues:		
Total federal	2,062,776,900	
Special revenue funds:		
Total private	164,397,600	
Total local	56,622,900	
Total other state restricted	16,205,400	
State general fund/general purpose		\$ 2,144,246,800

EXECUTIVE OPERATIONS

Total full-time equated positions	1,191.2	
Full-time equated unclassified positions	6.0	
Full-time equated classified positions.....	1,185.2	
Director		\$ 80,300
Unclassified FTE positions.....	1.0	
Unclassified salaries.....		299,200
Unclassified FTE positions.....	5.0	
Salaries and wages—1,154.2 FTE positions		40,212,800

	For Fiscal Year Ending Sept. 30, 1989
Contractual services, supplies, and materials.....	\$ 5,971,800
Pilot projects.....	100,000
Director's discretionary fund.....	492,600
Demonstration projects	2,500,000
Health and welfare data center equipment	9,304,100
Office automation expansion—31.0 FTE positions	1,100,100
Inspector general contracts	1,436,800
Adult home help.....	81,836,100
Social services to the physically disabled	648,400
Senior citizens programs	1,000,000
GROSS APPROPRIATION	\$ 144,982,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG-ADP user fees	371,900
ADJUSTED GROSS APPROPRIATION	\$ 144,610,300
Appropriated from:	
Federal revenues:	
Total federal	86,019,500
Special revenue funds:	
Private funds.....	896,300
State general fund/general purpose	\$ 57,694,500
EMPLOYMENT REDUCTION	
Full-time equated classified positions.....(366.3)	
Personnel savings.....	\$ (6,003,000)
Minimum FTE positions in above line.....	(366.3)
GROSS APPROPRIATION	\$ (6,003,000)
Appropriated from:	
Federal revenues:	
Total federal	(2,445,000)
State general fund/general purpose	\$ (3,558,000)
CENTRAL SUPPORT ACCOUNTS	
Longevity and insurance.....	\$ 45,738,500
Retirement.....	52,359,100
Rent.....	26,510,700
Travel.....	4,861,800
Equipment.....	2,316,600
Workers' compensation	2,085,500
Separation cost.....	3,523,200
Advisory commissions	19,900
GROSS APPROPRIATION	\$ 137,415,300
Appropriated from:	
Federal revenues:	
Total federal	73,240,700
State general fund/general purpose	\$ 64,174,600
MEDICAL SERVICES ADMINISTRATION	
Full-time equated classified positions.....553.3	
Salaries and wages—545.3 FTE positions	\$ 17,608,000
Contractual services, supplies, and materials.....	7,278,300
Wayne county PPSP staff—8.0 FTE positions	240,700
Data processing contractual services.....	4,049,100
Health care access project.....	472,600
Medical review and nursing evaluations contract - department of public health	240,000
Facility inspection contract - department of state police	132,800
GROSS APPROPRIATION	\$ 30,021,500

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Appropriated from:	
Federal revenues:	
Total federal	\$ 18,966,400
Special revenue funds:	
Private funds	260,800
State general fund/general purpose	\$ 10,794,300
FIELD POLICY AND OPERATIONS ADMINISTRATION	
Full-time equated classified positions.....	315.1
Salaries and wages—296.1 FTE positions	\$ 10,066,500
Contractual services, supplies, and materials.....	4,586,500
Child support enforcement system—2.0 FTE positions.....	9,540,800
Child support incentive payments.....	25,065,600
Legal support contracts.....	37,539,500
State incentive payments	3,043,700
Food stamp issuance.....	5,096,100
Refugee assistance program—17.0 FTE positions.....	6,455,600
Immigration legalization assistance program.....	2,000,000
Michigan opportunity and skills training program.....	18,355,900
Neighborhood corps program.....	9,093,300
High school completion project	2,000,000
GROSS APPROPRIATION	\$ 132,843,500
Appropriated from:	
Federal revenues:	
Total federal	103,611,100
State general fund/general purpose	\$ 29,232,400
OFFICE OF CHILDREN AND YOUTH SERVICES	
Full-time equated classified positions.....	1,582.2
Salaries and wages—69.1 FTE positions	\$ 2,728,500
Family and children's services, salaries and wages—1,459.1 FTE positions.....	46,234,800
Contractual services, supplies, and materials.....	1,737,000
Community centers—54.0 FTE positions.....	2,793,500
Delinquency prevention and treatment projects	9,616,000
Intercounty adoptions contracts	562,000
Delinquency project improvement.....	1,538,500
County juvenile officers.....	2,830,700
Foster care payments	132,820,200
Adoption subsidies	28,967,400
Child care fund.....	32,042,700
Children's benefit fund donations	21,000
Domestic violence prevention and treatment.....	3,286,600
Day care payments	15,019,600
Coordinated child care council's purchased day care services.....	755,100
Teenage parent counseling	2,252,600
Family preservation services.....	4,605,400
Interstate compact.....	132,200
Child abuse and neglect programming	6,710,500
Privately funded activities.....	500,000
Dependent care grant.....	100,000
Black child and family institute.....	100,000
Rape prevention and services	150,000
GROSS APPROPRIATION	\$ 295,504,300
Appropriated from:	
Federal revenues:	
Total federal	106,509,700
Special revenue funds:	
Private-children's benefit fund donations	21,000

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Private-intercountry adoption agency contribution.....	\$	562,000
Private-collections.....		2,112,500
Private- foundation funds		1,500,000
Local funds - county payback		10,604,000
Total state restricted		25,000
State general fund/general purpose	\$	174,170,100

FAMILY PRESERVATION & DIVERSION SAVINGS

Savings due to diversion.....	\$	(6,000,000)
GROSS APPROPRIATION	\$	(6,000,000)
Appropriated from:		
Special revenue funds:		
Local funds - county payback		(1,000,000)
State general fund/general purpose	\$	(5,000,000)

RESIDENTIAL CARE DIVISION

Full-time equated classified positions.....	1,044.0	
Salaries and wages—733.0 FTE positions	\$	24,242,800
Longevity and insurance		2,955,500
Contractual services, supplies, and materials.....		3,941,600
Fuel and utilities.....		1,260,800
Retirement.....		3,615,800
Travel		262,500
Equipment.....		178,400
Maintenance operating projects.....		757,800
Genesee county detention facility—145.0 FTE positions		7,112,600
Family involvement project—5.0 FTE positions.....		369,800
Community residential care programs—128.0 FTE positions.....		5,747,500
Federally funded activities—20.0 FTE positions		1,011,100
W.J. Maxey memorial fund		45,000
Regional detention services—13.0 FTE positions.....		1,052,300
Juvenile crime package operations.....		3,581,500
Training schools/detention centers construction		4,152,000
GROSS APPROPRIATION	\$	60,287,000
Appropriated from:		
Federal revenues:		
Total federal		2,127,900
Special revenue funds:		
Private funds		45,000
Local funds - county payback		28,400,000
State general fund/general purpose	\$	29,714,100

ASSISTANCE PAYMENTS, SERVICES, AND CLERICAL FIELD STAFF

Full-time equated classified positions.....	8,852.6	
Field services, salaries and wages—183.0 FTE positions	\$	9,781,200
County clerical support, salaries and wages—2,894.0 FTE positions.....		69,439,100
Assistance payments, salaries and wages—4,087.1 FTE positions		117,376,600
Adult services, salaries and wages—1,125.5 FTE positions.....		35,184,800
Error and fraud reduction project—350.0 FTE positions.....		12,621,400
Contractual services, supplies, and materials.....		19,500,500
Donated funds projects.....		1,892,000
Donated funds staffing—41.0 FTE positions		1,167,800
Volunteer services—81.0 FTE positions.....		2,683,100
Volunteer reimbursement.....		1,874,800
SSI advocacy for department of mental health—39.0 FTE positions		1,748,700
Training and staff development—52.0 FTE positions		2,981,300
GROSS APPROPRIATION	\$	276,251,300

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Appropriated from:	
Interdepartmental grant revenues:	
IDG from mental health.....	\$ 365,800
ADJUSTED GROSS APPROPRIATION	\$ 275,885,500
Appropriated from:	
Federal revenues:	
Total federal	134,327,500
Special revenue funds:	
Local funds - donated funds.....	216,700
State general fund/general purpose	\$ 141,341,300
AID TO FAMILIES WITH DEPENDENT CHILDREN	
Aid to families with dependent children payments	\$ 1,279,452,900
GROSS APPROPRIATION	\$ 1,279,452,900
Appropriated from:	
Federal revenues:	
Total federal	595,879,900
Special revenue funds:	
Child support collections.....	149,200,000
State general fund/general purpose	\$ 534,373,000
GENERAL ASSISTANCE	
General assistance grants and payments	\$ 226,889,800
GROSS APPROPRIATION	\$ 226,889,800
Appropriated from:	
Federal revenues:	
Total federal	397,000
Special revenue funds:	
SSI recoveries.....	4,800,000
Private-oil company overcharge settlement.....	4,388,600
State general fund/general purpose	\$ 217,304,200
SUPPLEMENTAL SECURITY INCOME	
State supplementation.....	\$ 71,142,700
Personal care services	17,016,100
GROSS APPROPRIATION	\$ 88,158,800
Appropriated from:	
Federal revenues:	
Total federal	9,144,400
State general fund/general purpose	\$ 79,014,400
LOW INCOME ENERGY ASSISTANCE PROGRAM	
LIEAP/energy assistance program.....	\$ 74,723,200
Transfer to title XX block grant	(8,400,000)
Energy related home repairs.....	2,647,300
Emergency needs program.....	49,631,900
GROSS APPROPRIATION	\$ 118,602,400
Appropriated from:	
Federal revenues:	
Total federal	74,373,000
Special revenue funds:	
Private-oil company overcharge settlement.....	4,611,400
State general fund/general purpose	\$ 39,618,000
MEDICAL SERVICES	
Hospital services and therapy	\$ 685,727,200
Physician services	185,094,200
Medicare premium payments.....	25,200,500
Pharmaceutical services	168,630,600

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Home health services.....	8,961,400
Transportation	4,735,500
Auxiliary medical services	43,495,300
Nursing home services	284,003,600
Chronic care units and county medical care facilities	98,396,400
Health maintenance organizations	81,439,100
Early periodic screening, diagnosis, and treatment contract - department of public health.....	6,228,000
Early periodic screening, diagnosis and treatment - department of social services	566,700
GROSS APPROPRIATION	\$ 1,592,478,500
Appropriated from:	
Federal revenues:	
Total federal	860,520,600
Special revenue funds:	
Local funds - county payback	8,706,800
Special purpose-public act 219 of 1987.....	11,380,400
State general fund/general purpose	\$ 711,870,700
 GENERAL ASSISTANCE MEDICAL	
General assistance medical.....	\$ 22,111,500
General assistance medical-hospitalization.....	9,491,300
Wayne county patient care management system	42,500,000
GROSS APPROPRIATION	\$ 74,102,800
Appropriated from:	
Federal revenues:	
Total federal	104,200
Special revenue funds:	
Local funds - county payback	9,695,400
Private contributions.....	800,000
State general fund/general purpose	\$ 63,503,200

GENERAL SECTIONS

Sec. 201. (1) In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this act is \$2,160,452,200.00 and state spending to be paid to local units of government is as follows:

DEPARTMENT OF SOCIAL SERVICES

OFFICE OF CHILDREN AND YOUTH SERVICES

Child care fund.....	\$ 32,042,700
County juvenile officers.....	2,830,700
Adoption subsidies	18,849,100

GENERAL ASSISTANCE

General assistance—grants and payments.....	13,320,700
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SUPPLEMENTARY SECURITY INCOME

Supplementary security income to CMH clients.....	11,405,800
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MEDICAL SERVICES

Medicaid to CMH clients.....	14,986,100
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INCOME AND SUPPORTIVE SERVICES ADMINISTRATION

Michigan opportunity and skills training program	18,064,500
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GENERAL ASSISTANCE MEDICAL

County hospitalization.....	\$ 19,406,600
TOTAL.....	\$ 130,906,200

(2) When it appears to the principal executive officer of each department that state spending to local units of government will be less than the amount that was projected to be expended for any quarter, the principal executive officer shall immediately give notice of the approximate shortfall to the department of management and budget, the senate and house appropriations committees, and the senate and house fiscal agencies.

Sec. 202. As used in this act:

- (a) "AFDC" means aid to families with dependent children.
- (b) "DRG" means diagnostic related group.
- (c) "Department" means the department of social services.
- (d) "FTE" means full-time equated.
- (e) "GED" means the general educational development test.
- (f) "JTPA" means job training partnership act.
- (g) "MOST" means the Michigan opportunity skills training program.
- (h) "PPSP" means physician's primary sponsor plan.
- (i) "SSI" means supplemental security income.
- (j) "Title XVI" means title XVI of the social security act, 42 U.S.C. 1381 to 1383c.
- (k) "Title XIX" means title XIX of the social security act, 42 U.S.C. 1396 to 1396s.
- (l) "Title XX" means title XX of the social security act, 42 U.S.C. 1397 to 1397e.

Sec. 203. The department shall not expend any money appropriated in section 101 for individual employee memberships in organizations.

Sec. 204. Money appropriated in section 101 shall not be expended for per diem payments for department of social services boards and commissions. Members of those boards and commissions shall be entitled only to reimbursement for expenses.

Sec. 206. The department may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the department for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

Sec. 207. There is hereby created a contingency fund from unexpended appropriations authorizations for the department of social services for the fiscal year ending September 30, 1989. The fund shall be available as needed for the aid to families with dependent children program and the general assistance program for caseloads or average payments which exceed the levels used to develop the appropriation for these programs, and for the medical assistance program for costs which exceed the appropriated levels. The fund shall be used only after the director of the department of management and budget projects and reports the projections in writing to the senate and house appropriations committees that overexpenditures will not result in the department of social services accounts used for this purpose. The report shall include the reason for use of the fund, the amount needed, and the accounts from which the funds will be taken.

Sec. 208. In addition to funds appropriated in section 101 for all programs and services, there is appropriated \$18,000,000.00 for write-offs of accounts receivable, deferrals, and disallowances to be expended from an appropriation of \$18,000,000.00 in prior year revenues. The department shall report annually, immediately following book closing, to the house and senate appropriations committees on social services on the amounts and reasons for the write-offs.

Sec. 209. The director of the department may transfer county matching revenues among the county revenue accounts established in section 101. Transfers may be made to correct for discrepancies between appropriated and actual county matching revenues. At least 10 days prior to making such a transfer, the department shall report to the senate and house appropriations subcommittees on social services and to the department of management and budget as to the amounts and reason for the transfer.

Sec. 210. If a legislative objective of this act or the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.1 to 400.121 of the Michigan Compiled Laws, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the department shall notify the house and senate appropriations committees and the house and senate fiscal agencies of that fact. Upon receipt of the notification, a joint house and senate committee made up of the members of the appropriations subcommittees on social services of the senate and house of representatives shall be appointed to meet with the director of the department to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to obtain that legislative objective.

Sec. 211. If the amount appropriated in this act is less than the amount called for, or required to be distributed by existing law, the director of social services shall, with the approval of the house and senate appropriations subcommittees on social services, reduce the payments under the appropriations made in this act upon a pro rata basis in a manner so that the payments shall not exceed the appropriations contained in this act.

Sec. 212. The department shall submit to members of the house and senate appropriations subcommittees on social services, and to the house and senate fiscal agencies, copies of all department responses to all audit reports issued by the auditor general.

Sec. 213. From the funds appropriated in section 101 for contractual services, supplies, and materials, the department may divert up to \$250,000.00 to fund a partial tuition refund program.

Sec. 214. If the state receives less from private oil company overcharge settlement funds than is necessary to fund all appropriations from this source in this act and all other appropriation acts eligible to receive funds from this source, a pro rata reduction shall be made in each program to be funded with private oil company overcharge settlement funds to reduce appropriations to the level of available funding.

EXECUTIVE OPERATIONS

Sec. 301. The office of inspector general of the department shall submit to the chairpersons of the house and senate appropriations committees and the members of the house and senate appropriations subcommittees on social services a quarterly report summarizing its activities. This quarterly report shall include the number of cases closed, the monthly grant savings resulting from closure, the number of administrative reimbursement cases and the amounts ordered and collected, and the amount of restitution ordered and actually received.

Sec. 302. The department shall develop and implement the computer capabilities to do computer tape matches of welfare recipients with the secretary of state, the department of treasury, the Michigan employment security commission, financial institutions, and financial intermediaries, as determined by the department, to determine if recipients have assets or income which exceed eligibility criteria for public assistance programs.

Sec. 303. Upon completion of its evaluation of the wage match system, the department shall present to the house and senate appropriations subcommittees on social services a comprehensive proposal for improving the system. The proposal shall include an assessment of the appropriate income screens to be used, the efficacy of wage match at intake, possible ways to target the system by categories of cases, and suggestions for prioritizing case actions.

Sec. 304. The department shall continue the data base integration project, and identify the procurement of needed hardware that will support and enhance data processing within the department. The department shall report on project findings no later than April 1, 1989.

FIELD POLICY AND OPERATION ADMINISTRATION

Sec. 701. The amounts for any remaining unencumbered fund balances for the multidisciplinary pilot project, the MOST program, office automation, the private sector employment subsidy program, teenage parent counseling program, the director's discretionary fund, project self-reliance, the high school completion project, the wage reporting work project, and the energy related home repairs program appropriated for the fiscal year ending September 30, 1988 shall be authorized for expenditure in the fiscal year ending September 30, 1989.

Sec. 702. The funds appropriated in section 101 for the MOST program shall be expended in accordance with sections 703 to 721.

Sec. 703. As used in sections 704 to 721:

(a) "Community work experience program" means a program of training in which a participant gains useful experience, work habits, and job skills by performing a service for a public purpose on behalf of a public agency or nonprofit private employer. Participation shall be by an agreement between the department and the public agency or nonprofit employer.

(b) "Employment and training worker" means an employee of the department who assesses the skills, education, and job experience of applicants and recipients, determines the most appropriate placement of recipients as described in the MOST program, and develops contacts with employers and providers of services under the MOST program through whom recipients may be placed.

(c) "Good cause" means any of the following:

(i) Child care is needed, and adequate child care is not available. Adequate child care is care which is appropriate to the age, special handicaps, and other conditions and the individual child, where the provider meets applicable federal and state standards.

(ii) The person suffers from a temporary illness or was involved, or his or her immediate family was involved, in a recent accident or other comparable emergency.

(iii) The person is not required to participate pursuant to section 704.

(iv) Compliance would interfere with the likelihood that the person would be reemployed at his or her regular, full-time place of employment within 30 days.

(v) An approved plan for permanent rehabilitation or self-support is currently in process, and compliance would interrupt these services or activities.

(vi) Employment, education, or job training is not available within 1-hour travel time or is inaccessible by available transportation at a reasonable cost.

(vii) Employment involves unreasonable requirements such as excessive work hours, dangerous or unlawful working conditions, or is not within the person's physical or mental capabilities.

(viii) The person alleges discrimination on the basis of religion, race, color, national origin, age, sex, height, weight, or marital status as prohibited under the Elliott-Larsen civil rights act, Act No. 453 of the Public Acts of 1976, being sections 37.2101 to 37.2804 of the Michigan Compiled Laws, and is taking legal action to redress his or her grievance.

(d) "Job club" means a formal gathering of recipients for the purpose of acquiring job search skills and securing employment through direct personal contact with prospective employers.

(e) "Recipient" means a person receiving general assistance, AFDC, or food stamps.

(f) "Recipient who is required to participate" means a person who, under section 704, is not exempted from participation in the MOST program and may include, at the option of the county, an applicant for aid to dependent children for the unemployed or general assistance who has had a recent connection with the labor force or who is a high school graduate for the sole purpose of participating in job clubs.

(g) "Recipient who is not required to participate" means an applicant for general assistance, AFDC, or food stamps, or a recipient who, under section 704, is exempted from participation in programs under the MOST program.

Sec. 704. (1) A recipient shall not be required to participate in, but may volunteer for, the MOST program, if he or she is any of the following:

(a) A minor less than 16 years of age.

(b) A full-time high school student less than 19 years of age.

(c) A care-giver parent of a child less than 6 months of age who personally provides care for the child.

(d) A parent of 3 or more children under 10 years of age during hours in which the parent is required to be in the home to care for the minors.

(e) An adult who is a parent of minor children in a 2-parent household if the other parent is participating in the MOST program.

(f) Required to be in the home due to the disability or illness of a relative living in the same dwelling unit, if no other care is available.

(g) Sixty years of age or older.

(h) Participating in a program of job training or education approved by the department.

(i) Employed or self-employed, 30 or more hours per week, and is receiving income at not less than the current minimum wage for the kind of work being performed.

(j) Has a medically verifiable illness that prevents full- or part-time work. This condition must be verified in writing by a physician and approved by him or her as a condition that prevents employment.

(k) Is currently undergoing treatment for substance abuse. This condition shall only apply for 1 year in the lifetime of each recipient.

(l) Was, within the past 5 years, a resident of a mental institution, or presently is using prescribed medication to control a condition of mental illness, as defined in section 1001a of the mental health code, Act No. 258 of the Public Acts of 1974, being section 330.2001a of the Michigan Compiled Laws. A person described in this subsection may volunteer for the MOST program if that person has a treatment plan developed by his or her case manager, therapist, or program director, which provides for employment and training services.

(m) An applicant for general assistance, AFDC, or food stamps who would not be required to participate if he or she was a recipient in 1 of the categories in this section.

(2) Any recipient may volunteer to participate and shall be given priority in placement as will recipients who are required to participate.

(3) Notwithstanding other requirements to register and participate in the MOST program, no primary care-giver parent who personally provides care to a child under 6 years of age shall be required to participate in any program other than:

(a) Education, if the primary care-giver parent does not possess a high school diploma or its equivalent and quality day care services are available and provided. However, the primary care-giver parent may choose to participate in a program other than education.

(b) Education, job skills training, or work experience related to job skills development if the parent possesses a high school diploma or its equivalent and quality day care services are available and provided.

Sec. 705. (1) Upon certification of eligibility for AFDC, general assistance, or food stamps, the employment and training worker shall assess the education and job skills for each applicant whose eligibility has been certified and all recipients who are required to participate and shall determine a program of available education or job training that most rapidly will allow a recipient to secure employment. The department shall develop screening procedures that will assist the worker in referring the client to the most appropriate educational or employment and training program.

(2) The department and the county social services boards shall develop community work experience program positions for participants under this program.

(3) The county director, upon the recommendation and approval of the county social services board, shall negotiate contracts with employers in the public, private, and nonprofit sectors regarding employment, educational, and job training programs for recipients who are required to participate and for volunteers.

(4) The county director, upon the recommendation and approval of the county social services board, shall negotiate contracts to create job clubs to assist recipients who are required to participate and to assist volunteers in acquiring job search skills necessary to secure employment. In geographic locations where appropriate, counties may join together to establish job clubs to perform these services if a contract with an outside agency cannot be made.

(5) The county director, with the recommendation and approval of the county social services board, shall negotiate contracts with public or private institutions of higher education or vocational education or the school boards of school districts operating vocational skills centers to provide education or job training for recipients who are required to participate and volunteer. If other forms of student financial assistance are not available, the county director with the recommendation and approval of the county social services board shall negotiate for reimbursement for the cost of tuition, books, fees, and other expenditures required by the institution of recipients placed pursuant to section 708.

(6) The department shall coordinate programs of education and job training to assist recipients in becoming self-supporting.

(7) The county director with the recommendation and approval of the county social services board may coordinate and develop programs which provide day care to the minor children of participants under this program for families who require day care. The department shall make every effort to assign recipients, pursuant to section 708, who shall provide staff service in day care centers under this section.

(8) The director shall grant approval of county plan proposals if all of the following provisions are complied with:

(a) The county office and the county social services board provide an opportunity for public comment in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws, with notices sent to all interested parties. Any written comments of members of the public pertaining to the county plan proposal shall be forwarded to the director along with the plan proposal.

- (b) The plan is not in violation of applicable federal or state law, administrative rule, regulation, or policy.
- (c) The plan conforms to, and is consistent with, published objectives of the department.
- (d) The plan conforms to planning instructions and manual materials.
- (e) The plan permits voluntary participation of recipients in the service components described.
- (f) The plan does not exclude any public assistance recipient category from employment-related services. The local office may allocate reasonable target percentages for each public assistance recipient category and include these percentages.
- (g) The plan addresses the manner in which the county office establishes service components, assigns recipients, and makes services available.
- (9) The director shall designate a person or persons to review plans to make recommendations for disposition.
- (10) Any denial of a county plan by the director shall be submitted to the joint legislative committee on oversight for a hearing if requested by the county. In addition, all denials shall be reported to the oversight committee by the director on a quarterly basis.
- (11) A job club shall report quarterly to the department which shall in turn report to the house and senate appropriations subcommittees on social services on the number of unsubsidized placements it has achieved for participants and on other services and benefits it provides its participants. A job club contract may be terminated if the job club cannot demonstrate that it meets cost benefit and performance standards as established by the department and approved by the house and senate appropriations subcommittees on social services. In addition, a county plan must include a description of anticipated service-related outcomes and a description of an evaluation method for measuring such outcomes. The evaluation method shall include the number of recipients who entered employment as a direct result of participation in each of the service components.
- (12) A county plan shall include a requirement that program participants be provided written performance standards which do not subject the client to working conditions, duties, personnel policies, or practices that are more or less favorable than those applied to other employees engaged in similar activities.
- (13) A county plan must include a description of a review process for participant initiated review of the appropriateness of assignment and conditions at the worksite.

Sec. 706. (1) All recipients who are required to participate shall participate in the employment, educational, or job training programs described in the MOST program unless the recipient shows good cause why he or she should not participate.

(2) A recipient who is required to participate but who refuses to participate without good cause shall have his or her needs removed from the general assistance or AFDC grant for 3 months or for the minimum length of time established by federal law for the recipients of AFDC.

Sec. 707. The department shall cooperate with other state and local governmental agencies and county social services boards in developing employment, educational, and job training programs and in placing recipients who are required to participate and volunteers in these programs. If possible, these programs shall utilize existing available funds from the federal government for education and training and shall prioritize assignment of employable recipients in an order that most effectively reduces the cost to the state general fund for public assistance programs.

Sec. 708. (1) If a recipient who is required to participate has a recent connection with the work force or has readily marketable job skills, he or she shall be immediately assigned to a job club as described in section 705(4).

(2) Recipients who are required to participate who lack recent connection with the work force or readily marketable skills shall, if possible, be placed in a program of job training. A participant in a program of job training may also be required to participate in a job club.

(3) If a job training program is not appropriate for or available to a recipient who is required to participate, the employable recipient shall be required to participate in an educational or rehabilitation program, if possible, as a condition for continued eligibility for general assistance or AFDC.

(4) If an employable recipient has earned a high school diploma or completed a GED program, that recipient may be required to participate in a program of vocational training or higher education that potentially will give the participant qualifications for a specific type of employment, excluding programs for degrees beyond the baccalaureate level.

(5) If a recipient who is required to participate has not earned a high school diploma or GED equivalent, that recipient may be required to participate in such a program.

(6) If a recipient who is required to participate lacks the educational skills necessary for participation in other educational programs, that recipient shall be required to participate in courses of remedial education, if available.

(7) A participant in an educational program described in this section shall not be required to pay his or her own tuition, mass transportation costs, or other approved expenses directly related to the requirements of this section.

(8) If, for any reason, a recipient cannot be placed in 1 of the above programs, the recipient shall be required to participate in a community work experience program. A participant in community work experience may also be required to participate in a job club or educational activity.

(9) This section establishes a continuum of services and the priority of services under the MOST program. All counties shall follow this continuum of services in providing programming for participants in the MOST program and shall make every effort to seek appropriate services under this continuum before assigning a participant to the next level of services or programming.

Sec. 708a. The department, with the approval of the house and senate appropriations subcommittees on social services, shall establish an evaluation and reporting requirement for all contracts funded under the MOST program. The evaluation shall include specific performance standards for each of the components of the MOST program, the number of recipients who completed each program, and the cost per recipient in each component of the MOST program. A contract may be canceled if the contractor does not meet the performance standards established by the department. The evaluation system shall be developed in conjunction with recipient advocate organizations. Evaluation reports shall be provided to the house and senate appropriations subcommittees on social services on a quarterly basis.

Sec. 709. (1) A recipient who is required to participate shall not be required under the MOST program to participate in a job training or community work experience program more hours per month than is derived by dividing his or her total assistance grant by the current minimum wage. A participant may be required to participate in educational or job club up to 40 hours per week.

(2) A recipient shall not be placed at a training site if an employer has discharged or laid off a regular employee or reduced his or her work force with the intention of filling the vacancy created by hiring a recipient under the MOST program.

Sec. 710. (1) An employment and training worker shall, on a quarterly basis, contact educational institutions to determine the level of progress being made by recipients assigned to educational activities under the MOST program. Failure to participate without good cause by the recipient shall be subject to sanction pursuant to section 706.

(2) The employment and training worker periodically shall review and assess the placement of participants under the MOST program.

(3) The employment and training worker may develop employer, job training and community work experience contacts for placement of participants within the jurisdiction of the office of the department to which the employment and training worker is assigned.

(4) From the funds appropriated in section 101, employment and training workers may be allowed to purchase, with the approval of the county director, periodicals, training manuals, and other items which facilitate placement of participants in employment.

Sec. 711. The department shall report to the house and senate appropriations subcommittees on social services on the employment status of MOST program participants at 3-month intervals for a full year following their completion of the program.

Sec. 712. Persons assigned to educational programs who are in continuous program studies shall not be required to participate in job clubs, job search, or job referrals during their school breaks or vacations.

Sec. 713. (1) From the funds appropriated in section 101 for county departments of social services for the fiscal year ending September 30, 1989:

(a) Fifty-five percent of the amount and related carryforward funding shall be allocated to the county departments, with each county receiving that portion as derived by multiplying 55% by the county's total population in the 1980 federal decennial census divided by the population of the state in the 1980 federal decennial census.

(b) Forty-five percent of the amount and related carryforward funding shall be allocated to the county departments for counties in which the aggregate AFDC recipient and general assistance recipient population in

calendar year 1987 as a percentage of the population of the county, according to the 1980 federal decennial census, exceeds the state aggregate of the general assistance recipient and AFDC recipient population in calendar year 1987, as a percentage of the population of the state according to the 1980 federal decennial census. For each county department that qualifies under this subdivision, that county department's portion shall be the amount derived by multiplying 45% by the county's total population according to the 1980 federal decennial census, divided by the total population of all counties according to the 1980 federal decennial census that qualify under the subdivision by the amount and related carryforward funding.

(2) Of the funds allocated to counties under this section, the department may reallocate money that is not committed by counties for contracts or county set-asides to other counties under subsection (1)(b) before April 1, 1989.

(3) The funds appropriated under this section may be expended only for purposes described in this program.

(4) For counties with more than 1 department office, the county social services board may allocate funds appropriated under this section to department offices.

Sec. 714. From funds allocated in section 713, the department shall make available to recipients funds for transportation. The department may also make available funds for car repair, tool purchases, clothing, medical and dental care, child care, and other supportive services if these funds will assist recipients in obtaining unsubsidized employment.

Sec. 715. Notwithstanding section 713, up to 5% of the total of the funds described in section 713 may be used by the department to develop statewide contracts, pilot projects, and demonstration projects, or special contracts requested by counties. The department shall report on these contracts and pilots to the house and senate appropriations subcommittees on social services.

Sec. 716. Notwithstanding other provisions of this act, if a person who is employable provides day care in the home for MOST program participants, then the provision of those services shall be deemed to meet the MOST program participation requirements for that provider.

Sec. 717. Of funds appropriated in section 101, the department, together with other agencies, may establish special projects to provide employment training, placement programs, and community service programs for persons leaving prison and who are on parole. By April 1, 1989, the department shall report to the house and senate appropriations subcommittees on social services on the expenditures, numbers of persons served and the types of services provided through the special projects established under this subsection. The department shall assess the effectiveness of the special projects in reducing recidivism.

Sec. 718. The department shall, in cooperation with the department of public health and child advocates, develop a plan for providing classes in early childhood development to welfare clients. The plan shall explore positive financial incentives for successful completion of the classes. The plan should also consider the feasibility of having these classes satisfy MOST program requirements. The plan shall be presented to the house and senate appropriations subcommittees on social services by February, 1989.

Sec. 719. The department shall offer subsidies from the funds appropriated in section 101 to nongovernmental employers for the work training programs for the on-the-job training, hiring, and employment of AFDC recipients and general assistance recipients. An AFDC recipient or general assistance recipient employed by a nongovernmental employer receiving a subsidy under this section shall continue to be eligible for medical assistance or for the general assistance medical program for the length of that employment subsidy. A nongovernmental employer shall be eligible to receive a payment under this section only if all AFDC recipients and general assistance recipients employed by the employer receive the same salaries and wages as the employer pays all other employees in the same or equivalent positions. If an AFDC recipient or general assistance recipient is terminated, without good cause, from employment described in this subsection, the department shall reinstate the person's full assistance benefits with a minimum of delay, if the AFDC recipient or general assistance recipient meets the appropriate eligibility standards.

Sec. 720. The department of social services shall pay job clubs based upon their successful placement of clients in unsubsidized employment. The department may determine the amount of payments for successful placements, with such payments paid to providers in equal increments after 30 days, 60 days, and 90 days of retention in full-time employment.

Sec. 721. From the funds appropriated in section 101 for Michigan opportunities and skills training, the department of social services shall develop a public service employee program. Under this program, local

department of social services offices will hire AFDC and general assistance recipients for entry level clerical positions. These positions shall be time-limited employment and training slots and shall not supplant existing department of social services employees. Expenditures for this purpose shall not exceed \$2,800,000.00.

Sec. 722. The authorization level for the MOST program for fiscal year 1988-89 shall not be less than \$21,000,000.00.

Sec. 722a. (1) From the funds appropriated in section 101 for the MOST program, the department of social services shall develop a public service employee program. Under this program, local department of social services offices will hire AFDC and general assistance recipients for entry level public service aide I positions. These positions shall be time-limited employment and training slots and shall not supplant existing department of social services employees. Expenditures for this purpose shall not exceed net \$2,800,000.00 of state general fund/general purpose money.

(2) It is the intent of the legislature that the appropriate federal funds, such as JTPA, AFDC, or federal match be utilized to the extent possible.

(3) In order to partially fund the public service employee program, the department may transfer federal and general fund authorization from the AFDC, general assistance, medicaid, and general assistance medical accounts to the MOST account on a quarterly basis. These transfers shall be in recognition of the AFDC and general assistance grant expenditures and medicaid and general assistance medical expenditures that would have been paid to the public service employees as normal grants or medical expenditures.

Sec. 723. From the federal money received for child support incentive payments, up to \$6,954,900.00 shall be retained by the state and expended in: legal support contracts; state incentive payments; and salaries and wages for office of child support staff in the income and supportive services administration.

Sec. 724. (1) The department, in cooperation with the Michigan state housing development authority, shall establish a Michigan neighborhood corps program which will provide employment opportunities for persons receiving or eligible to receive general assistance. The Michigan state housing development authority shall administer the program pursuant to an interagency agreement with the department.

(2) Any general assistance applicant or recipient may volunteer for the Michigan neighborhood corps unless he or she has dependent children living with him or her, is enrolled in school, or is less than 18 years of age. Priority shall be given to applicants or recipients who are 18, 19, or 20 years of age. Disabled recipients may volunteer for appropriate placements.

(3) Participation in the neighborhood corps is subject to all of the following:

(a) Michigan neighborhood corps participants shall make a 1-year commitment to the corps program.

(b) If a participant is unemployable or there are other good cause reasons why he or she is unable to participate, he or she shall be referred back to general assistance and the position shall be filled by a new applicant.

(c) If there is a dispute regarding whether there is good cause for failure or refusal to participate, the participant may request an administrative hearing to be conducted by the department at the time the participant applies for general assistance.

(d) If the participant does not have a good cause for refusing to participate, he or she shall not be eligible to apply for general assistance for 90 days.

(4) The department and the Michigan state housing development authority shall have the authority to establish policies and procedures to support the goals of the Michigan neighborhood corps which shall include, but not be limited to:

(a) Participants shall be eligible for medical coverage through department programs.

(b) Participants shall not be eligible to receive general assistance cash benefits.

(c) Earnings from the corps are to be excluded in determining general assistance eligibility or benefit levels for other individuals living in the home with a participant.

(d) To the extent allowed by federal regulations, earnings from the corps are not to be considered in determining eligibility or benefit levels for AFDC families.

(e) Participants shall not be eligible to receive unemployment insurance benefits from this state.

(f) Participants shall be compensated at a wage not more than 50 cents above the minimum wage.

(5) Legislative oversight shall be established, which shall maintain ongoing oversight of the program, approve or disapprove any major changes in the design of the program, and design questions for and receive reports from the evaluators of the program. The oversight committee shall consist of members of the house and senate appropriations subcommittees on regulatory and social services.

(6) The department and the Michigan state housing development authority shall submit an evaluation plan to the oversight committee not later than December 1, 1988. The evaluation shall be done jointly by the department, the Michigan state housing development authority, and an outside contractor selected by competitive bid. The evaluation shall include an assessment of the impact of the program on participants and the impact of the program on neighborhood improvement. Some of the issues which the evaluation shall study shall include:

(a) The potential impact on participants and agencies of giving participants the option of returning or not returning to general assistance once they have begun their participation.

(b) Why persons eligible for general assistance choose to participate or not to participate in the corps.

(c) The potential impact on persons eligible for general assistance if the corps is established as an alternative to the general assistance program for 18- to 20-year-olds and they choose not to participate or are unable to participate.

(d) Other employment and training programs both inside the state and in other states.

(7) It is the intent of the legislature that the neighborhood corps program focus on neighborhood improvement projects, limited to housing rehabilitation and physical rehabilitation projects.

(8) It is the intent of the legislature that participation in the corps in fiscal year 1990 be voluntary and that, based upon the evaluation, a decision should be made whether the program should become mandatory for all general assistance recipients in fiscal year 1991.

Sec. 724a. For fiscal year 1988-89 the neighborhood corps program shall be limited to 1,100 general assistance grantee participants. To the extent that this number of grantees is not available to participate in the neighborhood corps program, the department shall be allowed to transfer an amount of funds from the neighborhood corps program account to the general assistance payments account equivalent to the amount necessary to fund the grants of the proportion of the 1,100 neighborhood corps program positions not filled.

Sec. 725. (1) The department of social services shall administer a program to provide incentives for recipients of AFDC to complete high school and to find and maintain employment.

(2) The program shall provide a \$1,000.00 payment to any person who has been an AFDC recipient in 3 of the 4 years prior to application for the program and who does all of the following:

(a) Graduates from high school before 20 years of age.

(b) Obtains full-time employment within 1 year after graduation from high school.

(c) Retains full-time employment for 2 years.

(3) For purposes of this section, "full-time employment" means not less than 35 hours of work per week in 100 of the first 104 weeks following the initial week of 35 hours after graduation from high school.

(4) Medical coverage shall be provided to an AFDC recipient who:

(a) Meets the criteria identified in subsection (2).

(b) Agrees to identify any health or medical insurance through his or her place of employment or any other third party health insurance resource for the purpose of third party liability claims by the state.

(5) A recipient shall only be eligible for medical coverage during the period that he or she is actively employed and then for not more than 2 years commencing from the date of employment.

(6) The medical services received by recipients shall only be obtained from providers enrolled in the Michigan medical assistance program, and the payments for these medical services shall be at the then current medicaid rates.

(7) Participants in the work incentive program shall not be eligible for community college or higher education vouchers provided under the school completion program.

(8) The department shall ensure that the work incentive program is well publicized and that every potentially eligible AFDC recipient is provided information on the program. All information on the program shall include an explanation of medical services benefits that are available through the department while participating in the program.

(9) Not later than March 1, 1989 and each year thereafter, the department shall submit a report on the work incentives program to the senate and house appropriations subcommittees on school aid, the senate and house appropriations subcommittees on social services, and the department of education. The report shall provide specific details on the progress of implementation of the program, the number of persons potentially eligible for the program, the number of persons actually determined eligible for the program, the number of payments made, and the annual cost of the program to date. The report shall also identify and recommend solutions to any problems in administering the program.

Sec. 726. (1) The department of social services shall administer a school completion program to provide incentives for low-income Michigan residents to graduate from high school.

(2) The program shall provide payment for tuition for up to 80 credits at any community college in this state beginning with persons graduating from high school in May or June of 1988 who will begin community college in August or September of 1988. The payment shall be provided for any person who meets the following criteria:

(a) The person's family income is currently below the poverty level and for the calendar year prior to application.

(b) The person graduates from high school or completes the GED before 20 years of age. The payment shall only be made for courses taken during the 4 years immediately following graduation from high school or completion of the GED.

(3) Medical coverage shall be provided to former AFDC recipients who are eligible for this program and who agree to identify any health or medical insurance or any other third party health insurance resources for the purpose of third party liability claims by the state.

(4) A recipient shall only be eligible for medical coverage during the period that he or she is actively enrolled in community college and has tuition payments made under this program.

(5) The medical services received by recipients shall only be obtained from providers enrolled in the Michigan medical assistance program, and the payments for these medical services shall be at the then current medicaid rates.

(6) Any person participating in the school completion program who completes 60 credits at a community college within 4 years immediately following graduation from high school or completion of a GED shall be eligible for a voucher valued at not more than \$2,000.00 for tuition at any Michigan 4-year college or university. The voucher shall only be valid during the 2-1/2 years immediately following completion of 60 credits at a community college in this state.

(7) Participants in the school completion program shall not be eligible for payments made to current or former AFDC recipients under the employment incentive program.

(8) The department shall ensure that the school completion program is well publicized and that potentially eligible low-income persons are provided information on the program. All information on the school completion program shall include an explanation of medical services benefits that are available to former AFDC recipients through the department of social services.

(9) The department shall work closely with community colleges and 4-year colleges and universities to develop an application and eligibility determination process that will provide the highest level of participation while ensuring that all requirements of the program are met.

(10) Payments made through the school completion program shall not be used by any recipient for theology or divinity programs.

(11) Not later than March 1, 1989 and each year thereafter, the department shall submit a report on the school completion program to the senate and house appropriations committees. The report shall provide specific details on the progress of implementation of the program, the number of persons potentially eligible for the program, the number of persons actually determined eligible for the program, total payments in the immediately preceding fiscal year, and total payments to date. The report shall also identify and recommend solutions to any problems experienced in administering the program.

(12) Tuition payments may be made to Northern Michigan university, Lake Superior state university, Ferris state university, Bay Mills community college, and Lewis business college as they provide courses and services similar to those provided by community colleges.

(13) Applications for the program may be taken any time after a student completes the sixth grade. A determination of financial eligibility will be valid as long as the student meets other requirements of the program.

Sec. 727. The funds appropriated in section 101 for the immigration legalization assistance program shall be for the use of the departments of social services, education, and public health. The distribution of funds among the 3 departments shall be determined under the terms of an interdepartmental agreement, consistent with the requirements of federal regulations. The department of social services shall be the single point of contact with the department of health and human services regarding the program and shall claim and receive all applicable federal funds. The departments of public health and education shall receive their shares based on presentation of an interaccount bill which states the services provided and the cost to the state of those services.

Sec. 727a. The legislative oversight committee shall continue its monitoring and evaluation of the MOST program, the energy related home repairs program, and the teenage parent programs. The committee shall

consist of 5 members of the house of representatives appointed by the speaker of the house of representatives, 2 of whom shall be members of the political party with the second largest number of members serving in the house of representatives, and 5 members of the senate appointed by the majority leader of the senate, 2 of whom shall be members of the political party with the second largest number of members serving in the senate. The minority leaders of the house of representatives and the senate shall each recommend to the speaker of the house of representatives and the majority leader of the senate, respectively, 2 members of the political party each represents as prospective appointees.

Sec. 728. The department shall provide the information necessary for the department of labor to prepare its compilation of job training programs to the house and senate appropriations committees.

Sec. 729. From the funds appropriated in section 101, the department shall continue funding the wage reporting project.

OFFICE OF CHILDREN AND YOUTH SERVICES

Sec. 801. A county receiving state funds for in-home or out-of-home care of children from the appropriations in section 101 shall submit reports to the department at least quarterly or as otherwise required by the office of children and youth services. The reports shall be submitted on forms provided by the director of the office of children and youth services and shall include the number of children receiving foster care services and the number of days of care that were provided. Each county receiving state matching funds for in-home or out-of-home care of children shall provide to the department, at the times and on forms provided by the department, reports including the status of the plan for the return of each child to his or her natural parent, the placement of each child for adoption, or other permanent placement plans for each child.

Sec. 802. In accordance with section 471(a)(14) of title IV, 42 U.S.C. 671, the following goal is established by state law. During the fiscal year ending September 30, 1989, not more than 3,000 children supervised by the department shall remain in foster care longer than 24 months. The department shall continue to report to the senate and house appropriations subcommittees on social services on the number of children supervised by the department who remain in foster care in excess of 12 months and in excess of 24 months.

Sec. 803. (1) The department shall not place children under 10 years of age in institutions for longer than 30 days. From the funds appropriated in section 101 for foster care payments and the child care fund, reimbursement shall not be provided for institutional stays exceeding 30 days for children under 10 years of age. This limitation may be waived by the director of the office of children and youth services to a stay beyond 30 days if it is determined to be in the best interests of the child.

(2) From the funds appropriated in section 101 for foster care payments, the institutional population of children less than 13 years of age shall not exceed 18% of the total institutional population supported through this account.

Sec. 804. From the funds appropriated in section 101 for foster care payments, the department shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for foster care cost sharing.

Sec. 805. (1) From the funds appropriated in section 101, a limited number of multidisciplinary teams for the assessment, diagnosis, and treatment of protective services cases shall be funded. Teams which are funded shall be defined as stable groups of community professionals who regularly and frequently meet together to assess, plan, implement, and monitor treatment for each family accepted for team services. Professional make-up of each team shall include at a minimum access to legal expertise, and medical, psychological, and social work expertise properly credentialed as required by law.

(2) The office of children and youth services shall establish an advisory group consisting of persons knowledgeable in the area of child abuse and neglect to review multidisciplinary contracts. Approval criteria for team programs shall include but not be limited to all of the following:

(a) An agreement between the team and the local department for department case referral and case consultation.

(b) Provision by the local community of a minimum of 25% of needed in-cash or in-kind funding.

(c) Verification that voluntary efforts currently provided will continue to be maintained at current levels.

(d) An agreement between the team and the local department on procedures for department case closure which reflect the long-term treatment needs of high risk cases referred to treatment to the pilot program.

- (e) An emphasis on the provision of services to high risk and chronic protective services cases.
- (f) An emphasis on the provision of services to all significant members of the child's family.

Sec. 806. The department shall also provide programs which focus on the special education, training, employment, and social needs of teen-age parents and teen-age expectant parents. These programs shall, wherever available, be coordinated with alternative education programs for school age expectant parents and school age parents and their children as funded under section 93 of the state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being section 388.1693 of the Michigan Compiled Laws.

Sec. 807. The department shall continue a medical or support subsidy until an adoptee reaches the age of 19, if the office of children and youth services determines that the adoptee is a student regularly attending a high school, college, university, or a course of vocational training in pursuance of a course of study leading to a high school diploma, college degree, or gainful employment.

Sec. 808. The department shall charge or cause to be charged a fee for intercountry adoption services. These fees shall be based on the cost of providing the services, with reduced fees for low-income families. These fees shall be used to pay for or contract for personnel and related activities. If it becomes apparent that the fees will not generate sufficient income to support the program, the director of social services shall adjust or cause an adjustment of the fees to permit the program to be self-supporting.

Sec. 809. To achieve the reduction of costs in the adoption subsidy program, the office of children and youth services shall do all of the following:

- (a) Screen all residential placements which are subsidized by an adoption medical subsidy to assure the placement and treatment are needed and are in the best interest of the child.
- (b) Establish a utilization review procedure for cases in which extensive outpatient therapy for severe emotional problems is subsidized by an adoption medical subsidy.
- (c) In conjunction with professional provider groups, establish fee schedules for treatment of emotional problems subsidized with an adoption medical subsidy.

Sec. 810. From the funds appropriated in section 101 for foster care payments, the office of children and youth services may use funds for programs to serve children in their own homes or in community-based services, if the service is in lieu of the children being placed in foster care.

Sec. 811. After the end of each fiscal year, the department shall report to the house and senate appropriations subcommittees on social services the total amount of expenditures for child abuse and neglect programming, which shall include expenditures from the day care payment line item and other related appropriations line items to child abuse and neglect.

Sec. 812. The department's ability to satisfy appropriation deductions in section 101 for foster care private collections shall not be limited to collections and accruals pertaining to services provided in fiscal year 1988-89 as specified in section 101 but shall include revenues collected in excess of the amount specified in section 101.

Sec. 813. The office of children and youth services shall compile information on the status of the implementation of section 18(2) of chapter XIIA of Act No. 288 of the Public Acts of 1939, being section 712A.18 of the Michigan Compiled Laws, by counties. The information shall include at a minimum, the amount of money collected from parents by each county for the care of their children and efforts by the office to encourage full compliance with the act, including any adjustments made, if any, to a county's child care fund allocation based on that county's failure to fully implement the act.

Sec. 814. From the funds appropriated in section 101 for day-care payments, the department of social services may provide day-care services to current or prospective foster parents who are in need of day-care services for their foster children in order to become or remain foster parents.

Sec. 815. (1) From the funds appropriated in section 101, it is the intent of the legislature that private child care organizations shall be assigned rates at their previous year's audited costs, for program components under contract, plus any economic increase established by the legislature.

(2) Further, it is the intent of the legislature that the department of social services may consider the reasonableness of the individual organization cost increases in relationship to the costs of all reporting organizations when setting individual child care organization rates.

Sec. 816. The office of children and youth services shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists.

Sec. 817. The department shall conduct a study of the child care fund ceiling on state expenditures and the impact upon each county's ability to pay for the institutional, foster home or in-home care of county wards within its jurisdiction. The study shall take into account the detention bed space within each county when calculating child care fund needs compared to other counties. The department shall report the results of the study and its recommendation to the house and senate appropriations subcommittees on social services on or before March 1, 1989.

Sec. 818. (1) Effective August 1, 1988, the department shall establish a juvenile justice alternatives task force to examine and make recommendations regarding alternatives to placement of juveniles in secure institutions with the following goals:

- (a) Maintaining public safety.
- (b) Providing additional therapeutic and rehabilitative environments and programs for troubled youth.
- (c) Promoting cost efficient use of public funding.
- (d) Reserving secure institutional bed space for the most violent and habitual offenders.
- (e) Reducing recidivism.

(2) The juvenile justice alternatives task force shall include representatives of the department of social services, the department of mental health, and the department of management and budget; the legislative and judicial branches of government; the state court administrator's office; the private sector, including private agencies and university researchers involved in juvenile justice; juvenile ex-offenders; and municipal police.

(3) The task force shall study other states' and countries' experience with various juvenile justice alternative programs as well as model programs within this state. Out of such study and deliberation, the task force shall recommend various alternatives as pilot programs to be established in this state in an effort to provide safe alternatives to institutional placement.

(4) The task force shall report its preliminary findings and recommendations to the governor and the house and senate appropriations subcommittees on social services by October 15, 1988, and its final findings and recommendations to the governor, the house and senate appropriations subcommittees on social services, the house and senate fiscal agencies, and the house committee on social services and youth by March 15, 1989.

Sec. 819. Family foster care rates shall be \$11.41 per day for children up to the age of 12, and \$14.24 per day for children 13 to 18 years of age, effective February 1, 1989.

Sec. 820. The department shall submit to the senate and house appropriations subcommittees on social services, by April 1, 1989, an evaluation of foster care provided by the department and private agencies. This evaluation shall consider the extent to which manual and licensing requirements are met, and shall include recommendations to improve service delivery. At a minimum, the evaluation shall include a review of 10% of foster care cases.

Sec. 821. The department shall report to the house and senate appropriations subcommittees on social services and the house committee on social services and youth, on a quarterly basis, the following information:

- (a) The percentage and numbers of children and families served by the family reunification project.
- (b) The percentage and numbers of children returned home within 6 months.
- (c) The type and amount of assistance provided in each case.

Sec. 822. From the funds appropriated in section 101 for delinquency prevention and treatment, the department shall enter into a contract with the training center of Livonia for \$300,000.00 to assist local communities in establishing youth assistance programs.

Sec. 823. From the funds appropriated in section 101 for teenage parent counseling programs, the department shall enter into a contract with children's aid society for \$180,000.00.

Sec. 824. From the funds appropriated in section 101 for contractual services, supplies, and materials, the department shall increase the contract to pregnancy services of Michigan by \$10,000.00.

Sec. 825. Notwithstanding section 117a or 117c of the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.117a and 400.117c of the Michigan Compiled Laws, the distribution of collections made

to counties by child, parent, guardian, or custodian, on behalf of children in foster care who are wards of the county, shall be made pursuant to section 18(2) of chapter XIIA of Act No. 288 of the Public Acts of 1939, being section 712A.18 of the Michigan Compiled Laws.

RESIDENTIAL CARE DIVISION

Sec. 1001. Counties shall be subject to 50% chargeback for the use of alternative regional detention services if they do not fall under the basic grant provisions of section 117e of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.117e of the Michigan Compiled Laws; or if a county operates these programs primarily with professional rather than volunteer staff.

Sec. 1002. The amounts appropriated for utilities and that portion of contractual services, supplies, and materials used to pay for utility service to state facilities in section 101 may be expended in a manner consistent with section 253 of Act No. 431 of the Public Acts of 1984, as added by Act No. 122 of the Public Acts of 1987.

Sec. 1003. From previously appropriated funds, the department is authorized to purchase, at fair market value, city lots at 241 and 263 Eliot, Detroit to provide off-street parking and a buffer strip in conjunction with a juvenile diagnostic and assessment center being developed at 3500 John R, Detroit. This proposed purchase shall be subject to approval by the joint capital outlay subcommittee.

Sec. 1004. The appropriation in section 101 for the residential care division for construction shall be subject to the capital outlay planning process provided in the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

ASSISTANCE PAYMENTS, SERVICES AND CLERICAL FIELD STAFF

Sec. 1101. Funds appropriated in section 101 for senior citizen programs shall be allocated by the office of services to the aging. Priority for distribution of the funds shall be given to services and programs which help reduce institutionalization among seniors and enable seniors to maintain their ability to function in the least restrictive setting. Funds shall not supplant existing funding for services and programs, but may be used to augment existing funding for services and programs.

Sec. 1102. From the funds appropriated in section 101 for contractual services, supplies, and materials, the department shall continue to expend \$60,000.00 for the purpose of training adult foster care personnel.

AID TO FAMILIES WITH DEPENDENT CHILDREN

Sec. 1201. When a recipient of assistance funded under this act is paid more than the amount to which the recipient is legally entitled, the department shall institute procedures to recover the overpayment. The department may reduce subsequent grants in an amount that will ensure repayment of the overpayment. The director of social services shall establish reasonable limits on the proportion of the payments that may be deducted, so as not to cause undue hardship on recipients.

Sec. 1202. The funds appropriated in section 101 include a special heat allowance for heating fuel, a special needs allowance for heating fuel and electricity, and a winter increment in the basic heating fuel allowance in the AFDC and general assistance programs. To the extent allowed by federal law, these payments are not to be counted as income for purposes of computing food stamp benefits.

Sec. 1203. The department shall implement an energy program to be funded from funds appropriated in section 101 for the purposes of energy cost assistance. It is the intent of the legislature that the policies and funding that implement such an energy program shall expire October 1, 1989. Notwithstanding any other provision of this act, the funds described in this section shall not be expended in a manner, nor shall policies be implemented under this act, which increase the standard of need for AFDC recipients or general assistance recipients or the personal needs allowances.

Sec. 1204. The department shall expend funds as part of an AFDC recipient grant or general assistance recipient grant as part of an energy program in addition to basic heating allowances, special heating

allowances, and electric portion of utility allowances to prevent loss of energy service. The money expended under this section shall be in place of any emergency needs program payments and shall be subject to a limit of \$650.00 for natural gas and wood or \$900.00 for electric heat, nonheat electric, and other types of heating fuel.

Sec. 1205. The department, as it determines is appropriate, shall enter into agreements with heating fuel providers by which AFDC recipients or general assistance recipients and the heating fuel providers agree to permit the department to make direct payments to the heating fuel providers on behalf of the recipients of basic heating allowances, special heating allowances, and payments in excess of those allowances to the extent that the actual heat bill exceeds those allowances, up to the limits established in section 1204. Such agreements with heating fuel providers receiving payments via the department's positive billing system shall additionally include the following provisions:

(a) The department shall not be responsible for payment of an amount owed by a recipient prior to requesting inclusion under an agreement established under this section.

(b) The heating fuel provider shall forgive up to \$750.00 over a 36-month period of an amount owed by a recipient prior to the initial inclusion under an agreement which commences on or after October 1, 1988.

(c) The recipient shall, upon termination of participation under an agreement, be responsible for payment of the amount owed by the recipient prior to inclusion under an agreement, less any amount forgiven by the heating fuel provider.

(d) The heating fuel provider shall, upon a recipient's termination of participation under an agreement, offer that recipient a reasonable repayment agreement over an extended time period.

(e) If a recipient terminates participation under an agreement for more than 60 days and subsequently requests to resume participation with the same heating fuel provider, the recipient must pay 3% of the monthly AFDC or general assistance grant toward any arrearages owed that are not subject to subdivision (b).

(f) The heating fuel provider shall identify participating recipients who are excessive fuel users and shall, in cooperation with the department or its designee, install thermostat limiters or initiate such other measures as approved by the department in dwellings where fuel use exceeds 300 MCF annually. Such measures may include participation in a home repair and weatherization program. If the provider determines that the installation of a thermostat limiter would be ineffective, the department or its designee shall recommend alternative consumption reduction measures.

(g) The department shall deploy energy intervention workers in the service areas of heating fuel providers entering into agreements with the department and shall direct those workers in comprehensive energy casework for the highest users, including conservation education, weatherization referral, furnace replacement, and relocation. If a household refuses to participate in the home repair and weatherization program without good cause, the household shall not be eligible for the positive billing program and shall lose its arrearage forgiveness and shutoff protection. If a limiter is installed and the household bypasses it without good cause, the household will not be eligible for the positive billing program and will lose its arrearage forgiveness and shutoff protection.

(h) A landlord shall participate in the home repair and weatherization program once his or her property is identified as needing repair and weatherization as well as the other criteria of the program established by the department and the department of labor in order to participate in the rent vendoring program of the department.

(i) The heating fuel provider shall include within its biennial energy conservation report filed pursuant to case number U-8528 with the Michigan public service commission on October 1, 1988, a plan in accordance with department recommendations for the weatherization of dwellings of recipients whose heating costs are paid through the positive billing system.

Sec. 1206. As part of the energy program funded under this act, the department may make payments in excess of the limits established in section 1204 to public assistance recipients if all of the following conditions are satisfied:

(a) The public assistance recipient to whom, or on whose behalf, the payment is to be made is, at the time of requesting the additional payment, paying a heating fuel provider, or is permitting or has agreed to permit the department to directly pay a heating fuel provider under an agreement established under section 1205, the monthly basic heating allowance included in the person's grant and special heating allowances.

(b) The public assistance recipient has agreed to participate in the weatherization/conservation related service offered by the state and to accept weatherization/conservation when designated by the department to receive that service.

(c) If weatherization/conservation has been determined to be inappropriate for the residence of the public assistance recipient, the public assistance recipient has agreed to relocate to alternative housing, if it is available.

Sec. 1207. (1) As part of the energy program funded under this act, an AFDC recipient or general assistance recipient who, at the time the person is requesting to be included under an agreement established under section 1205, is not under such an agreement, who has not paid the monthly basic heating allowance and special heating allowances directly to a heating fuel provider, and who has previously received a heating fuel payment under the emergency needs program shall be eligible to participate in such an agreement only if the person agrees to permit up to 5% of the person's monthly grant to be paid directly to a heating fuel provider for the portion of any outstanding arrearages resulting from nonpayment of the basic heating allowance and special heating allowances.

(2) As part of the energy program funded under this act, an AFDC recipient or general assistance recipient who, at the time the person is requesting to be included under an agreement established under section 1205, is not included under such an agreement and has paid the monthly basic heating allowance and special heating allowances directly to a heating fuel provider shall be eligible to participate in such an agreement without agreeing to permit up to 5% of the person's monthly grant to be paid directly to a heating fuel provider for any outstanding arrearages.

(3) Notwithstanding any other provision of this act, an AFDC recipient or general assistance recipient who is not under an agreement of the type described in section 1205 shall be eligible for an emergency needs program payment, as under current department policy, only if it is a first request for that assistance.

Sec. 1208. (1) The department shall continue to implement a program component providing for agreements of the type described in section 1205 for the payment of electric bills of AFDC recipients and general assistance recipients for electricity provided for other than heating purposes. The program, in the same manner as provided for heating fuel payments, shall provide participating electric utility providers with payment in excess of the monthly grant allowance to the extent that the actual electric bill exceeds the allowance. The agreements with electric utility providers receiving payments via the department's positive billing system shall also include a provision which requires an electric utility provider to forgive up to \$500.00 over a 36-month period of an amount owed by a recipient prior to initial inclusion under an agreement which commences on or after October 1, 1988.

(2) The agreements described in subsection (1) shall provide that the department pay the electric portion of the AFDC recipient's or general assistance recipient's utility allowance directly to the electric utility provider.

Sec. 1208a. For the purpose of providing recommendations by April 1, 1989 to appropriate legislative subcommittees, the department is directed to form a task force which will be responsible for developing a comprehensive energy assistance program for Michigan's low income citizens and which will include representatives of major utilities participating in agreements with the department, consumer groups, the legislature, the public service commission, and the department of labor. The task force shall oversee a pilot program administered by the department to provide positive incentives to reduce energy consumption. The task force shall also explore the development of standards for determining energy consumption reduction targets and make recommendations on requiring clients to pay for energy use above a reduction target.

Sec. 1208b. The legislative oversight committee created by the Michigan low income heating assistance and shut-off protection act, Act No. 34 of the Public Acts of 1984, being sections 400.1201 to 400.1217 of the Michigan Compiled Laws, shall be reconstituted and shall monitor the home repair and weatherization program and the energy conservation pilot program, shall receive reports from the task force, and shall review and evaluate the department's energy conservation efforts.

Sec. 1208c. An energy utility, as defined in section 6(1) of Act No. 3 of the Public Acts of 1939, being section 460.6 of the Michigan Compiled Laws, may seek to recover costs associated with the purchase, installation and maintenance of thermostat control devices and/or weatherization materials in proceedings before the Michigan public service commission to reconcile expenses associated with an energy conservation program approved by the Michigan public service commission pursuant to section 6c of Act No. 3 of the Public Acts of 1939, being section 460.6c of the Michigan Compiled Laws.

Sec. 1208d. An energy utility, as defined in section 6(1) of Act No. 3 of the Public Acts of 1939, being section 460.6 of the Michigan Compiled Laws, may seek to recover costs as a legitimate business expense under section 1205b through a proceeding before the Michigan public service commission. The energy utility may use the provisions of section 24 or 26(6) of Act No. 300 of the Public Acts of 1909, being sections 462.24 and 462.26 of the

Michigan Compiled Laws, to provide additional evidence to the Michigan public service commission if authorized rates fail to adequately consider the effects of this legislation on the energy utility. The Michigan public service commission shall act on any such request in 180 days.

Sec. 1209. (1) When a recipient or landlord requests that the department make a vendor payment for shelter, that payment shall be withheld from the landlord and payment continued to the recipient if the rental unit is not in compliance with applicable local housing codes. Compliance shall be considered to be met if the department receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes, and that statement is not contradicted by the recipient and the local unit. The landlord also shall provide to the department a signed statement indicating who currently owns the property and whether any delinquent taxes are owed.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units which the local authority indicates in writing do not meet local housing codes, until such time as the local authority indicates in writing that local housing codes have been met.

Sec. 1210. The department shall expand its absence policy to provide for the retention of children in the AFDC grant for up to 12 months after placement when the child is absent from the home for the purpose of mental health treatment, if the case plan is to return the child to his or her home. By December 1, 1988, the department shall provide to the house and senate appropriations subcommittees on social services a plan for the implementation of this policy, including means to maximize federal earnings on such coverage, and recommendations about other categories of household members or care settings, such as child care institutions and children's foster care for whom this extension of coverage might apply.

GENERAL ASSISTANCE

Sec. 1301. General assistance recipients living in the household of another shall be presumed by the department of social services to have no shelter costs and shall therefore be eligible for a personal needs allowance only. Recipients shall be allowed the opportunity to rebut this presumption before any reduction in benefits takes place. All related persons living in a common dwelling unit shall be considered a single household for purposes of eligibility for general assistance.

Sec. 1302. The department shall implement a shelter exception policy for homeowners under the general assistance program. To protect equity in a homestead, general assistance homeowners may receive up to \$100.00 per month above the regular general assistance shelter maximum, but not to exceed the AFDC shelter maximum for a family of 6.

Sec. 1303. Of the funds appropriated in section 101 for general assistance payments, the maximum rate per day for the room and board of general assistance recipients in substance abuse treatment centers not accredited by the joint commission on the accreditation of hospitals (JCAH) shall be \$9.62.

Sec. 1304. The department shall reimburse all residential substance abuse programs licensed by the department of public health, office of substance abuse services and which have obtained accreditation under the standards of the joint commission on the accreditation of hospitals (JCAH) at the minimum rate of \$12.00 per day for all general assistance recipients.

Sec. 1305. The level of reimbursement provided to general assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 1306. County departments of social services shall require each recipient of general assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the general assistance program upon receipt of retroactive supplemental security income benefits.

Sec. 1307. Effective October 1, 1988, the nonexempt resource limitation for both general assistance applicants and recipients shall be \$250.00.

Sec. 1308. The department's ability to satisfy appropriation deductions in section 101 for general assistance/supplemental security income recoveries shall not be limited to recoveries and accruals pertaining to general assistance grant payments provided in fiscal year 1988-89, but shall include all net general assistance/supplemental security income recoveries during fiscal year 1988-89 regardless of their year.

Sec. 1309. All applicants for general assistance shall be informed of the requirements of the employment and training program to which they will be subject once determined eligible.

SUPPLEMENTAL SECURITY INCOME

Sec. 1401. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized.

Sec. 1402. The personal care services payment for eligible SSI recipients shall be \$105.45 effective February 1, 1988.

Sec. 1403. Any adult foster care facility regulated by the department of social services division of adult foster care licensing shall report any incident where a resident of an adult foster care home is arrested or found guilty of an index category offense as defined by Act No. 319 of the Public Acts of 1968. The division of adult foster care licensing shall maintain these records and make the statistics available on request.

LOW INCOME ENERGY ASSISTANCE PROGRAM

Sec. 1501. From the funds appropriated for the emergency needs program in section 101, a recipient of emergency needs for home repairs shall be required to sign a repayment agreement for emergency needs payments exceeding \$500.00 for the repair or replacement of a roof, furnace, septic system, water supply system, electrical system, or any other repair or replacement. The repayment shall be due upon sale of the home. This requirement shall not apply to the repair or replacement of a furnace, a roof, or other energy-related repairs or replacements which are paid in whole or in part through low-income energy assistance block grant funds.

Sec. 1503. At least 40% of low income energy assistance funds appropriated for weatherization shall be used to weatherize homes of high energy-consuming households of AFDC and general assistance recipients.

Sec. 1504. In-person interviews for emergency needs applicants may be waived by the department where local offices have sufficient current information to determine eligibility.

Sec. 1505. When necessary to resolve an emergency situation, local office directors are authorized to grant exceptions to the emergency needs payment limits according to criteria established by the department.

Sec. 1506. A warrant shall not be issued for emergency relief under the emergency needs program unless the warrant is signed by both the client and the provider of services, or, if necessary, is issued in the form of direct vendor payments to a provider of services.

Sec. 1507. (1) The department shall authorize up to 3 months' shelter payment to prevent eviction upon presentation of a notice to quit issued in accordance with section 5716 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.5716 of the Michigan Compiled Laws, if the client is otherwise eligible for the emergency needs program and the delinquency is not the result of an unresolved landlord-tenant dispute or other action by the landlord that would preclude entry of a judgment under section 5720 of Act No. 236 of the Public Acts of 1961, being section 600.5720 of the Michigan Compiled Laws.

(2) Emergency needs program funds shall be utilized to pay security deposits for applicants of public assistance and individuals or families referred by emergency shelters, domestic violence emergency shelters, or displaced homemaker programs, who cannot obtain housing without a security deposit.

Sec. 1508. Spending for heat or utilities shall not be authorized under the emergency needs program if the cause of need is failure to pay the grant allotment toward that item, unless the recipient agrees to the vendor plan for the item whenever such a plan is available.

Sec. 1509. Under the terms of an interagency agreement, the department of labor shall inter-account bill the department for costs associated with the operation of the energy related home repairs program. These costs shall be incurred by the department of labor in association with the provision of energy related home repair services in accordance with Act No. 35 of the Public Acts of 1984.

Sec. 1510. Emergency needs program applications shall always be available to applicants and shall be taken by a county office up to 5 p.m. on the day that they are submitted.

MEDICAL SERVICES

Sec. 1601. A provider of medical services who fails to submit a bill for medical care related to title XIX, or for institutional services and medical care facilities related to public assistance within 12 months after the date of the services shall forfeit the provider's right to payment and shall not seek reimbursement from the recipient of the services. When a bill is rejected for payment by the department, the provider must resubmit a bill for those services within 1 year of the date the claim is rejected or forfeit the provider's right to payment and shall not seek reimbursement from the recipient of the services.

Sec. 1602. The department of social services shall provide an administrative procedure for the review of grievances by medical assistance providers with regard to reimbursement under the medical assistance program.

Sec. 1603. The department of social services shall require a nonenrolled provider to accept medicaid payment as payment in full, when payment is approved for emergency services.

Sec. 1604. An institutional provider that is required to submit a cost report under the medicaid program shall submit cost reports completed in full within 90 days after the end of its fiscal year.

Sec. 1605. The maximum limits on payments under the medicaid program, established in conformance with title XIX, shall be disclosed only to persons directly responsible for the administration of the medicaid program, except that persons responsible for establishing individual prices on prior authorized items are allowed to release approved prices to the prospective provider.

Sec. 1606. Determined pursuant to section 106(1)(b)(iii) of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.106 of the Michigan Compiled Laws, the protected income level for medicaid coverage shall be 100% of the related public assistance standard for the fiscal year ending September 30, 1989.

Sec. 1607. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services means those services which produce the maximum reduction of physical and mental limitations and restoration of an individual to his or her best possible functional level. At a minimum, remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1608. The department shall continue to implement the physician primary sponsor plan and shall require AFDC recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference shall be randomly assigned to a managed care program.

Sec. 1609. The department shall expand its recipient monitoring program.

Sec. 1611. The department shall contract for the provision of selected supplies and services for medicaid clients.

Sec. 1612. The department shall implement a time specific schedule for cost audits and cost audit review and hearing processes and procedures to ensure more timely issuance of prospective rates to providers of long-term nursing care. To this end, the department shall amend the appeals section of the state plan for reimbursement of long-term care facilities under title XIX, and for this purpose only, provisions of the amendment shall supersede provisions for the preliminary conference and the bureau conference contained in administrative rules of the department at R 400.3402 and R 400.3403, respectively.

Sec. 1613. The funds appropriated in section 101 shall not be used to reimburse long-term care facilities for hospital leave days.

Sec. 1614. (1) The inpatient indigent care volume price adjuster shall be calculated as 39% of the difference between the ratio of inpatient indigent care charges to total inpatient care charges and 10%. For purposes of this section, indigent care shall include medicaid, resident county hospitalization, the crippled children's program, and uncompensated care.

(2) There shall be an additional inpatient indigent volume DRG price adjuster which is focused on the highest indigent share facilities. This additional adjuster shall be set to generate an expected reimbursement enhancement of \$25,150,000.00 per year. A portion of the adjuster may be used for outpatient hospital services for hospitals with a high volume of indigent charges.

Sec. 1615. Medicaid reimbursement for medicaid services shall not exceed, solely or in combination with other resources, including medicare, those amounts established for medicaid-only patients. The medicaid payment rate shall be accepted as payment in full. Other than an approved medicaid copayment, no portion of a provider's charge may be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be deemed to affect the level of payment from a third party source other than medicaid.

Sec. 1616. From the funds appropriated in section 101 for the medical services payments, the department of social services shall provide for an expanded inpatient hospital prior authorization and on-site review system.

Sec. 1617. The department shall fund a program to appeal medicare denials of nursing home coverage.

Sec. 1618. The department shall cover selected cost effective over-the-counter products at maximum allowable cost limits for ambulatory clients, and allow selected over-the-counter reimbursement to a pharmacy for over-the-counter products not designated minimum floor stock for nursing homes.

Sec. 1619. The department may contract, on a contingency basis, collection of medicaid funds from health insurance third parties when the third party has failed to respond to the department's demand for payment in a timely manner. The contract may allow the contractor to return the medicaid funds, minus the contingency fee, to the department.

Sec. 1620. The department shall contract for the mental health field audit, the nursing home field audit, and inpatient hospital utilization review.

Sec. 1622. From the funds appropriated in section 101, the department shall allocate not more than \$300,000.00 to contract with dental schools for the provision of dental care to uninsured indigent persons.

Sec. 1623. The department shall ensure that the medicaid payment for the same procedure performed by a surgeon board certified by the American board of surgery or a fellow of the American college of surgeons is at the same rate regardless of where the enrolled hospital at which the procedure is performed is located.

Sec. 1624. (1) The pharmaceutical dispensing fee shall be a maximum of \$3.65. If a recipient is 21 years of age or older, and is not in adult foster care, a home for the aged, or an institutional setting, or is not enrolled in the physician primary sponsor plan, the department of social services shall require a 50 cent per prescription client copayment, except for products on the maximum allowable cost limit list or pregnancy-related products.

(2) The department of social services shall require copayments on dental, podiatric, vision, chiropractic, and hearing aid services provided to recipients of medical assistance except as excluded by law.

(3) The copayments in subsections (1) and (2) may be waived for recipients who participate in a program of medical case management such as enrollment in a health maintenance organization or the primary physician sponsor plan program.

(4) Before copayments are implemented or changed, the department of social services shall submit the plan to the chairpersons of the senate and house appropriations subcommittees on social services for approval.

Sec. 1625. From the funds appropriated in section 101, the department shall continue to conduct demonstration pilot projects on preadmission screening for nursing homes. The department shall report to the house and senate subcommittees on social services on or before June 15, 1989, on the number of people diverted from nursing homes due to preadmission screening, the alternative services provided in lieu of nursing home care and the cost of such services. The report also shall include an assessment of the number of and cost of medicaid funded nursing home days of care in the year before and the year after the demonstration project was implemented for the geographic areas affected.

Sec. 1626. The department of social services shall develop a proposal to identify potential medicaid recipients who test HIV positive and pay their insurance premiums so that they can maintain their health insurance policies. The proposal shall be approved by the house and senate appropriations committees before being implemented.

Sec. 1628. The department shall develop a plan for implementation of policy to prevent the impoverishment of the spouse of a person who is admitted to a nursing home. The department shall report to the house and senate appropriations subcommittees on social services on the implementation plan on or before April 1, 1989.

Sec. 1632. Selected routine diagnostic related group prices other than those related to obstetrical services shall be reimbursed at a standard rate.

Sec. 1633. (1) The department of social services shall establish an all-inclusive facility rate reimbursement for selected surgeries performed in the outpatient hospital setting. Reimbursement for such procedures shall be the lesser of the all-inclusive facility rate or charges.

(2) The department shall review the impact of this policy on outpatient hospital reimbursement and submit a report to the senate and house appropriations subcommittees by June 1, 1989.

Sec. 1635. For long-term care provider fiscal years beginning on or after October 1, 1988, the tenure factor shall not exceed 5%.

Sec. 1636. The department of social services shall increase fraud and abuse detection and third party recovery activities by increasing the number of provider audits, enhancing complex claims reviews, increasing the use of selective editing, expanding long term care services review capabilities, and pursuing recoveries from health, casualty, support and other liability sources.

Sec. 1638. The department of social services shall increase controls on elective psychiatric admissions, using criteria to be established by the department of mental health. The department of social services also shall review periodically the need for continued inpatient psychiatric stays and place greater emphasis on outpatient services and partial hospitalization programs.

Sec. 1639. The department of social services shall use a formula in reimbursing outpatient hospitalization services which provides each hospital an increase of 0.4% in the hospital's outpatient price for each 1% of indigent volume for that hospital.

Sec. 1640. Not later than April 1, 1989, the department shall submit a report on the feasibility of contracting with nongovernmental agencies for the management and processing of the medicaid billing process.

Sec. 1641. From the funds appropriated in section 101 for nursing home services and medical care facility/hospital long-term care unit services, the revised method of variable cost reimbursement shall continue to be reimbursed as specified in the final report of the nursing home reimbursement task force created in section 48(4) of Act No. 257 of the Public Acts of 1982. The only exceptions to the revised method of variable cost reimbursement are a 50% reduction in the long-term care volume incentive allowance effective for facility fiscal years beginning on or after April 1, 1988, and a legislatively established inflation factor for fiscal year 1988-89.

Sec. 1642. Before placement in a long-term care facility, the department, when practical, shall inform medicaid-eligible recipients that they are eligible for adult home help services.

Sec. 1643. (1) From the funds appropriated in section 101 for auxiliary medical services, expenditures for adult dental services shall not exceed 118.5% of 1983-84 expenditures based upon 52 payrolls, plus \$5,000,000.00.

(2) The department shall take whatever action is necessary to ensure that expenditures do not exceed the limit in subsection (1).

Sec. 1644. From the funds appropriated in section 101, the department shall reimburse chiropractors for X-rays taken in their offices on recipients who are eligible for medical assistance.

Sec. 1645. From the funds appropriated for medical services in section 101, the department shall allocate not more than \$60,000.00 to develop a full scope geriatric health care program at the university of Michigan. The department shall be responsible for coordinating the participation of appropriate state agencies and consumer groups.

Sec. 1647. (1) The department shall continue to use a prospective payment system (PPS) for reimbursement of medicaid inpatient hospital care based on a diagnostic related group (DRG) methodology.

(2) The objectives of this PPS shall be the same as those delineated in section 120a of Act No. 246 of the Public Acts of 1984.

(3) Any significant changes in this PPS, other than implementation of provisions contained in this act, shall be submitted to the senate and house appropriations subcommittees on social services for review and approval prior to implementation.

(4) The legislature annually shall adjust the inpatient DRG prices and per diems for the effect of inflation on hospital allowable costs. This update may be based on a number of estimated inflation indices, including the medicare update factor for operating prices, and input from the department and affected providers. The inpatient DRG price and per diem update effective February 1, 1989 is 0.5%.

Sec. 1648. (1) The department of social services shall retain the medicaid fee for services system for outpatient hospital reimbursement, including all adjustments required by section 24 of Act No. 266 of the Public Acts of 1986.

(2) The legislature annually shall adjust the fee screens for outpatient hospital services for the effect of inflation on outpatient hospital allowable costs. This update may be based on a number of estimated inflation indices and input from the department and affected providers. The fee screen update effective February 1, 1989 is 0.5%.

Sec. 1649. From the funds appropriated in section 101 for hospital services and therapy, \$50,000.00 shall be allocated to the university of Michigan center for transplantation policy research. It is the intent of the legislature that the funding for this project expire at the end of the current fiscal year.

Sec. 1650. Except as mandated by federal law, the department shall not alter pharmaceutical product coverage or medicaid reimbursement for pharmaceutical product cost from the methodology contained in program policy and the state plan in effect on July 1, 1988, or the pharmacist dispensing fee specified in section 1624, without the explicit approval of the senate and house appropriations subcommittees on social services.

Sec. 1651. The department of social services shall not restrict the full reimbursement of prescribed drugs for which the prescriber has written "D.A.W.".

Sec. 1652. The department of social services shall not restrict food and drug administration (FDA)-approved single source prescription pharmaceutical products on the formulary except those products determined to be less than effective by the United States FDA under the drug efficacy study implementation (DESI) program.

Sec. 1653. The department shall develop a recommendation to address the problem of cost outliers above the hospital DRG payment rates. This recommendation shall be submitted to the house and senate appropriations subcommittees on social services not later than April 1, 1989.

Sec. 1654. The department shall seek the necessary changes in federal waivers to revise the inpatient hospital bonus arrangements for the capitated clinic plan. Revisions shall include prospective payment of projected bonuses to facilitate the provision of primary care and methods to assure that the total of prospective bonuses, capitation payments, and inpatient hospital payments do not exceed a fee-for-service equivalent rate.

Sec. 1655. The department shall explore the feasibility of covering psychological services for acutely and chronically ill, abused, neglected, and delinquent children and their families in the medicaid program. Based upon this evaluation, the department may expand medicaid coverage of these services on or after April 1, 1989 if no additional state general fund costs for these services are projected and if appropriate utilization controls are implemented.

GENERAL ASSISTANCE MEDICAL

Sec. 1701. (1) The department shall determine the amount of county liability for resident county hospitalization based upon the initial determination of payment amount for approved services.

(2) Subsection (1) shall not apply to payments made to Wayne county patient case management system contracted hospitals.

Sec. 1702. (1) The payment to each hospital by the state for resident county hospitalization shall be a hospital specific percent of charge with no subsequent cost settlement. The percent of charge shall be 95% of the most recent available inpatient cost to charge ratio for that hospital. No payment to a hospital shall exceed its charge.

(2) Subsection (1) shall not apply to payments made for the Wayne county patient care management system.

Sec. 1703. The department may agree to provide certain administrative or payment functions, or both, on behalf of the Wayne county patient care management system (PCMS) as agreed to by the county and the department. If such an agreement is reached, the department shall withhold from the state share of the county PCMS funds appropriated in section 101, an amount equal to the estimated cost to be incurred by the department, including accrued liability for services provided but not yet paid. These funds will be available to the department of social services and will be appropriated and allotted to the department as they are received. A final reconciliation of costs shall be completed by October, 1990. The county shall remain liable for any costs in excess of the amount withheld and will be entitled to receive any funds remaining after a final expenditure reconciliation is completed.

Sec. 1704. Of the amount appropriated in section 101, up to \$8,000.00 shall be made available to pay the cost of medical liability insurance for those participating professionals in the uncompensated health care project of the Wayne county medical society and Detroit medical society.

Sec. 1705. The department of social services, in cooperation with the department of mental health, is authorized to enter a contract in counties with a population exceeding 1,500,000 for the purpose of providing transportation to publicly operated or contracted mental health facilities. The total cost of the contract shall not exceed \$200,000.00. This section shall not reduce the responsibility of a county that has been authorized to provide medical services for the indigent under a patient care management system.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.