

Act No. 168  
Public Acts of 1992  
Approved by the Governor  
July 20, 1992  
Filed with the Secretary of State  
July 20, 1992

**STATE OF MICHIGAN**  
**86TH LEGISLATURE**  
**REGULAR SESSION OF 1992**

Introduced by Reps. Ostling, Johnson and Bender

# ENROLLED HOUSE BILL No. 5514

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, 1993; 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 individuals, local governments, and 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, 1993, from the following funds:

**DEPARTMENT OF SOCIAL SERVICES**

Full-time equated classified positions.....	13,455.0	
Full-time equated unclassified positions .....	6.0	
Total full-time equated positions .....	13,461.0	
GROSS APPROPRIATION .....		\$ 6,254,162,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartment .....		\$ 771,100
ADJUSTED GROSS APPROPRIATION .....		\$ 6,253,391,200
Federal revenues:		
Total federal revenues .....		3,277,282,100
Special revenue funds:		
Total private revenues .....		622,299,300
Total local revenues .....		90,865,700
Total other state restricted revenues .....		27,398,500
State general fund/general purpose .....		\$ 2,235,545,600

**EXECUTIVE OPERATIONS**

Total full-time equated positions .....	1,131.1	
Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	1,125.1	
Director—1.0 FTE positions .....		\$ 86,000
Unclassified salaries—5.0 FTE positions .....		320,500
Salaries and wages—1069.5 FTE positions .....		43,339,000
Contractual services, supplies, and materials .....		6,262,200
Demonstration projects—28.6 FTE positions .....		7,483,500

	For Fiscal Year Ending Sept. 30, 1993
Health and Welfare Data Center equipment.....	\$ 10,037,200
Office automation expansion—27.0 FTE positions .....	18,613,100
Data system enhancement .....	16,253,100
Inspector General contracts.....	3,036,800
GROSS APPROPRIATION .....	\$ 105,431,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG-ADP user fees.....	371,900
ADJUSTED GROSS APPROPRIATION .....	\$ 105,059,500
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	62,807,800
Special revenue funds:	
Total private revenues.....	915,000
Total local revenues .....	200,000
Licensing fees .....	439,000
State general fund/general purpose .....	\$ 40,697,700
CENTRAL SUPPORT ACCOUNTS	
Longevity and insurance.....	\$ 80,225,200
Retirement.....	98,669,200
Rent.....	38,040,200
Occupancy charge.....	4,537,800
Travel.....	6,821,000
Equipment.....	3,643,600
Workers' compensation .....	4,112,100
Separation cost .....	3,626,200
Advisory commissions .....	17,900
GROSS APPROPRIATION .....	\$ 239,693,200
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	121,237,800
Special revenue funds:	
Departmentwide lapse revenue.....	6,259,500
State general fund/general purpose .....	\$ 112,195,900
MEDICAL SERVICES ADMINISTRATION	
Full-time equated classified positions.....	497.6
Salaries and wages—497.6 FTE positions .....	\$ 17,316,000
Contractual services, supplies, and materials.....	16,197,400
Wayne County physicians sponsor plan staff .....	261,900
Data processing contractual services.....	100
Facility inspection contract - department of state .....	132,800
State Police computer records.....	283,700
Demonstration projects .....	500,000
Demonstration projects staff .....	1,000,000
GROSS APPROPRIATION .....	\$ 35,691,900
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	20,768,800
Special revenue funds:	
State general fund/general purpose .....	\$ 14,923,100
FAMILY SERVICES ADMINISTRATION	
Full-time equated classified positions.....	381.4
Salaries and wages—251.7 FTE positions .....	\$ 9,732,900
Family and children's services—1.0 FTE positions.....	33,900
Contractual services, supplies, and materials.....	5,794,600
Child Support Enforcement System—3.0 FTE positions.....	17,379,700

	For Fiscal Year Ending Sept. 30, 1993
Child support incentive payments.....	\$ 27,055,200
Legal support contracts.....	43,960,700
State incentive payments.....	3,323,700
Food Stamp issuance.....	5,603,900
High school completion project—4.7 FTE positions.....	269,700
Wage Match Contract.....	1,700,000
County clerical support—5.8 FTE positions.....	183,900
Field services administration—20.0 FTE positions.....	976,000
Supplemental Security Income advocacy for Mental Health—37.2 FTE positions.....	2,076,400
Training and staff development—58.0 FTE positions.....	4,512,600
GROSS APPROPRIATION.....	\$ 122,603,200
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the Department of Mental Health.....	399,200
ADJUSTED GROSS APPROPRIATION.....	\$ 122,204,000
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	104,701,400
Special revenue funds:	
State general fund/general purpose.....	\$ 17,502,600
<b>CHILD AND FAMILY SERVICES</b>	
Full-time equated classified positions.....	248.1
Salaries and wages—80.3 FTE positions.....	\$ 3,526,900
Contractual services, supplies, and materials.....	884,200
Refugee Assistance Program—17.0 FTE positions.....	6,642,200
Immigration Legalization Assistance Program.....	1,500,000
Michigan Opportunity Skills Training program—20.0 FTE positions.....	18,293,800
Education Designed for Gainful Employment program—70.0 FTE positions.....	40,145,800
Adult Home Help.....	95,209,500
Social services to the physically disabled.....	1,344,900
Delinquency prevention and treatment projects—1.8 FTE positions.....	10,843,900
Intercounty adoptions contracts.....	754,300
Delinquency Project Improvement.....	102,900
County Juvenile Officers.....	3,180,400
Foster care payments.....	208,234,500
Adoption subsidies.....	46,608,100
Child Care Fund.....	32,735,500
Children's Benefit Fund donations.....	21,000
Domestic violence prevention and treatment—1.0 FTE positions.....	4,566,000
Teenage parent counseling.....	2,403,500
Family preservation services—4.0 FTE positions.....	17,822,500
Interstate Compact.....	113,500
Child abuse and neglect programming.....	6,277,500
Privately funded activities.....	2,706,400
Black Child and Family Institute.....	100,000
Intensive community supervision—54.0 FTE positions.....	3,657,200
Rape prevention and services.....	260,000
Child Care Program.....	11,000,000
Attorney General Contract.....	588,000
Guardian Contract.....	600,000
Communities First Program.....	500,000
Day care services.....	45,748,300
GROSS APPROPRIATION.....	\$ 566,370,800
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	286,938,300

Special revenue funds:	
Private-Children's Benefit Fund donations .....	\$ 21,000
Private-intercountry adoption agency contributions .....	754,900
Private-collections.....	3,376,600
Private-foundation funds .....	1,510,200
Local funds - county payback .....	21,512,000
Local funds .....	3,302,600
State general fund/general purpose .....	\$ 248,955,200

#### RESIDENTIAL CARE DIVISION

Full-time equated classified positions.....	1,073.8	
Salaries and wages—684.2 FTE positions .....	\$ 26,861,700	
Longevity and insurance .....	4,108,900	
Contractual services, supplies, and materials.....	4,600,800	
Fuel and utilities.....	1,364,000	
Retirement.....	6,515,000	
Travel .....	300,500	
Equipment.....	211,100	
Maintenance operating projects .....	911,900	
Genesee County Detention Facility—205.9 FTE positions.....	11,254,000	
Family Involvement Project—4.8 FTE positions.....	402,900	
Community Residential Care programs—123.7 FTE positions.....	6,368,100	
Federally funded activities—27.1 FTE positions.....	1,788,100	
W.J. Maxey Memorial Fund.....	45,000	
Regional detention services—12.6 FTE positions.....	1,161,100	
Juvenile crime package operations—15.5 FTE positions.....	5,187,000	
Training schools/detention centers construction .....	200	
GROSS APPROPRIATION .....	\$ 71,080,300	
Appropriated from:		
Federal revenues:		
Total Federal revenues.....	4,032,100	
Special revenue funds:		
Total private revenues.....	46,700	
Local funds - county payback .....	32,993,300	
State general fund/general purpose .....	\$ 34,008,200	

#### ASSISTANCE PAYMENTS, SERVICES, AND CLERICAL FIELD

Full-time equated classified positions.....	10,094.0	
Field services, salaries and wages—157.7 FTE positions .....	\$ 9,498,600	
Family and childrens services, salaries and wages—1638.9 FTE positions.....	59,402,900	
County clerical support, salaries and wages—2624.6 FTE positions.....	74,662,400	
Assistance payments, salaries and wages—3963.2 FTE positions .....	128,590,000	
Adult services, salaries and wages—1262.2 FTE positions.....	44,940,400	
Error and Fraud Reduction Project—350.0 FTE positions.....	14,232,700	
Contractual services, supplies, and materials.....	25,890,900	
Volunteer services—97.4 FTE positions.....	3,496,500	
Volunteer reimbursement.....	1,877,000	
GROSS APPROPRIATION .....	\$ 362,591,400	
Appropriated from:		
Federal revenues:		
Total Federal revenues.....	186,727,800	
Special revenue funds:		
Local funds - donated funds .....	193,100	
State general fund/general purpose .....	\$ 175,670,500	

#### PUBLIC ASSISTANCE

Full-time equated classified positions.....	35.0
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For Fiscal Year  
Ending Sept. 30,  
1993

Aid to Families with Dependent Children payments .....	\$ 1,261,639,700
Family Assistance payments .....	39,627,400
State Disability Assistance payments.....	32,000,000
State Supplementation.....	61,096,400
Personal Care Services.....	19,560,800
Low Income Energy Assistance Program—35.0 FTE positions.....	78,400,000
State Emergency Relief.....	37,075,500
GROSS APPROPRIATION .....	\$ 1,529,399,800
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	704,407,900
Special revenue funds:	
Child support collections.....	161,793,500
Supplemental Security Income recoveries.....	8,300,000
Public Assistance recoupment revenue.....	2,000,000
State general fund/general purpose .....	\$ 652,898,400
<b>MEDICAL SERVICES</b>	
Hospital services and therapy .....	\$ 1,192,181,800
Hospital disproportionate share payments .....	457,600,000
Physician services.....	283,230,300
Medicare premium payments.....	45,000,000
Pharmaceutical services .....	274,106,200
Home health services.....	15,944,200
Transportation .....	7,266,800
Auxiliary medical services .....	59,833,300
Nursing home services .....	489,312,400
Chronic Care Units and County Medical Care facilities.....	136,936,700
Health Maintenance Organizations .....	209,361,100
Early Periodic Screening, Diagnosis, and Treatment—Department of Public Health.....	12,800,000
Early Periodic Screening, Diagnosis, and Treatment—Department of Social Services.....	756,600
Child Caring Program .....	4,546,400
Maternal and child health.....	6,424,500
Indigent Medical Care Program.....	26,000,000
GROSS APPROPRIATION .....	\$ 3,221,300,300
Appropriated from:	
Federal revenues:	
Total Federal revenues.....	1,785,660,200
Special revenue funds:	
Local funds - county payback .....	11,164,700
Local funds .....	21,500,000
Private contributions.....	2,300,000
Hospital contributions.....	451,581,400
Special purpose-Public Act 219 of 1987 .....	10,400,000
State general fund/general purpose .....	\$ 938,694,000

## **GENERAL SECTIONS**

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this act is \$2,262,944,100.00 and state spending to be paid to local units of government is as follows:

### **DEPARTMENT OF SOCIAL SERVICES**

Child care fund.....	\$ 32,735,500
County juvenile officers.....	441,700

For Fiscal Year  
Ending Sept. 30,  
1993

Adoption subsidies.....	\$	27,189,000
Indigent medical program.....		1,145,700
State disability and family assistance program .....		4,653,600
Medicaid inpatient and outpatient indigent volume adjusters .....		27,182,000
Medicaid to community mental health clients.....		77,170,300
TOTAL.....	\$	170,517,800

Sec. 202. The department of social services 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 of social services 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. 203. The director of the department of management and budget may make administrative transfers of appropriations for the department of social services to adjust amounts between the local funds-county payback line items in section 101. Such transfers shall be made in compliance with the procedural requirements for administrative transfers set forth in section 393(1) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

Sec. 204. From the funds appropriated in section 101 for training and staff development, the department of social services may divert up to \$250,000.00 to fund a partial tuition refund program.

Sec. 205. When a recipient of assistance funded under this act is paid more than the amount to which the recipient is legally entitled, the department of social services 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. The department shall also pursue recovery of overpayments from recipients and former recipients.

Sec. 206. The department shall not establish a new program or expand a current program above the level approved in the enacted budget, unless the proposal for the new or expanded program is enacted by the legislature.

Sec. 207. In addition to funds appropriated in section 101 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and disallowances an amount equal to total write-offs to be expended from an equal appropriation in prior year revenues.

Sec. 208. The appropriations made and the expenditures authorized under this act and the institutions, departments, agencies, commissions, boards, offices, and programs for which an appropriation is made under this act are subject to 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.

Sec. 209. The department of social services may retain all of the state's share of food stamp overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food stamp overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deduct in the executive operations appropriation unit.

Sec. 210. The department is authorized to transfer funds from other accounts in section 101 into the communities first pilot projects line item in order to support such projects. Such transfers shall be subject to the provisions of section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

Sec. 211. (1) Beginning October 1, 1992, there shall be a hiring freeze imposed on the state classified civil service. State departments and agencies shall be prohibited from hiring any new full-time state classified civil service employees or prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from one position to another within a department.

(2) The director of the department of management and budget shall grant exceptions to this hiring freeze when the director believes that such a hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive and expend federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy.

Sec. 212. The department shall reduce expenditures in the contractual services, supplies, and materials line items by an amount sufficient to reduce the general fund/general purpose expenditures by \$2,318,400.00. These savings shall be reflected in the departmentwide lapse revenue line item.

## **EXECUTIVE OPERATIONS**

Sec. 301. From the funds appropriated in section 101 for adult home help services, the department may spend up to \$250,000.00 to purchase vocational rehabilitation services from Michigan rehabilitation services, department of education. These funds shall be used by the department of education as the local match necessary to gain federal funds.

Sec. 302. The department may receive local funds to be applied toward the purchase of local office automation equipment. Such equipment shall only be purchased through appropriate departmentwide automated data processing equipment contracts, and shall be the property of the department.

Sec. 303. The department shall assess and collect fees in the licensing and regulation of child care organizations as defined in Act No. 116 of the Public Acts of 1973, being sections 722.111 to 722.128 of the Michigan Compiled Laws, and adult foster care facilities as defined in the adult foster care facility licensing act, Act No. 218 of the Public Acts of 1979, being sections 400.701 to 400.737 of the Michigan Compiled Laws. Fees collected by the department shall not exceed the deduction in section 101 and shall be used exclusively for the purpose of licensing and regulating child care organizations and adult foster care facilities.

Sec. 304. From the funds appropriated in section 101 for the adult home help program, the department shall provide chore services for title XIX eligible cases where the provision of such services is needed to allow clients to continue living independently. The appropriation for adult home help services in section 101 includes \$1,000,000.00 for the provision of such chore services. The department shall develop policies and procedures required to provide chore services in the most cost effective manner.

Sec. 305. Any county office lease may be subject to modification, reduction, or cancellation in order to ensure that expenditures do not exceed the appropriation.

## **FAMILY SERVICES ADMINISTRATION**

Sec. 401. A recipient who is required to participate but who refuses to participate without good cause in employment, educational, or job training programs shall initially have his or her needs removed from the state family assistance or aid to families with dependent children grant until he or she elects to participate. If a recipient refuses to participate a second time without good cause after an earlier refusal to participate without good cause, the recipient's needs will be removed from the aid to families with dependent children or state family assistance grant for 3 months or until the recipient agrees to participate, whichever is longer. All further refusals to participate without good cause will result in the removal of a recipient's needs from the aid to families with dependent children or state family assistance grant for 6 months or until the recipient agrees to participate, whichever is longer.

Sec. 402. The department of social services 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. 403. From funds allocated in section 101, the department shall make available to recipients funds for transportation. The department may also make available funds for minor car repair, tool purchases, clothing, medical and dental care, and other supportive services if these funds will assist recipients in seeking, obtaining, and retaining unsubsidized employment.

Sec. 404. (1) From the federal money received for child support incentive payments, up to \$7,465,200.00 shall be retained by the state and expended for legal support contracts, state incentive payments, and salaries and wages for office of child support staff.

(2) At the end of the current fiscal year, the department may, when it is cost beneficial to the state and counties, withhold from submitting to the federal office of child support administrative expenses eligible for federal financial participation. The department may recoup earned but unclaimed federal funds from the resulting increased federal child support incentive. The recoupment by the department shall be made prior to distribution of the increased incentive to the counties. Any incentive funds retained by the state under this section shall be separate and apart from incentive funds retained in any other section of this act.

Sec. 405. The funds appropriated in section 101 for the immigration legalization assistance 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 United States 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. 406. From the funds appropriated in section 101, the department shall continue funding the wage reporting project.

Sec. 407. (1) From the funds appropriated in section 101 for legal support contracts, the department shall allocate \$300,000.00 to the Wayne county friend of the court for the sole purpose of acquiring staff to support the office of the friend of the court in their collection efforts.

(2) The primary emphasis of these staff shall be in the area of child support collections and enforcement for public assistance recipients.

(3) It is estimated that aid to families with dependent children related child support collections will increase as a result of the efforts of these staff to at least cover their costs of employment.

Sec. 408. The department of social services shall offset the JOBS federal money going to the Michigan school districts in connection with the education designed for gainful employment (EDGE) program by the amount necessary for the Michigan department of social services to administer the EDGE program. The offset revenue shall be recorded in the local funds-county payback deduct established for the education designed for gainful employment program in section 101.

Sec. 409. The department shall make all payments to reimburse Michigan opportunity and skills training program participants for child care expenses by 2-party checks payable to the participant and the child care provider. This requirement does not apply to child care payments made directly to the provider.

## **CHILD AND FAMILY SERVICES**

Sec. 501. In accordance with section 471(a)(14) of part E of title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 671, the following goal is established by state law. During the fiscal year ending September 30, 1993, not more than 3,000 children supervised by the department of social services shall remain in foster care longer than 24 months. The department shall give priority to reducing the number of children under 1 year of age in foster care. The department shall report annually 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 and on the number of children under 1 year of age in foster care.

Sec. 502. From the funds appropriated in section 101 for foster care, the department of social services 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 federal foster care cost sharing.

Sec. 503. The department of social services 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. 504. 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) In cooperation with the department of mental health, develop a model for postplacement adoption services, including the screening and monitoring of placements in child caring institutions and psychiatric hospitals.

(c) Limit payment for out-of-home placements in child caring institutions and psychiatric hospitals to short-term crisis placements unless the local community mental health board has determined that a long-term placement is needed.

Sec. 505. From the funds appropriated in section 101 for foster care, 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. 506. 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 the current fiscal year but shall include revenues collected in excess of the amount specified in section 101.

Sec. 507. The department shall compile information by county 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. 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 department to encourage full compliance with the act, including adjustments made, if any, to a county's child care fund allocation based on that county's failure to fully implement the act.

Sec. 508. 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.

Sec. 509. Counties shall be subject to 50% charge back for the use of alternative regional detention services if they do not fall under the basic provision 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. 510. The department shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists. Existing runaway service contracts and contractors serving homeless youth shall be exempt from the bids process.

Sec. 511. The department shall continue to expand the families first program and other similar early intervention and intensive intervention programs for families where there is abuse and neglect or delinquency.

Sec. 512. Where allowable by applicable federal statute or regulation, the department may utilize available federal funding to enhance or expand community-based programs for at-risk children and families. Any such enhancement or expansion shall not result in general fund/general purpose expenditures in excess of existing general fund/general purpose appropriations for these purposes.

Sec. 513. (1) The department shall competitively bid all new purchased foster care programs or services.

(2) During fiscal year 1993, the department shall establish standard child placing agency administrative rates for general foster care. The department may pay cost increments above the standard rate for specialized foster care.

Sec. 514. Consistent with the provisions of sections 118 and 119 of the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.118 and 400.119 of the Michigan Compiled Laws, the department shall create a youth advisory commission. The department shall reimburse expenses associated with the functions of the youth advisory commission from the funds appropriated in section 101.

Sec. 515. From the funds appropriated in section 101 for teenage parent counseling, the department shall contract for the provision of teenage parent counseling services.

Sec. 516. The funds appropriated in section 101 for communities first pilot projects are intended to support the interagency implementation of communities first pilots in 4 local sites. Funds may be expended by the departments of social services, public health, mental health, and education and the office of services to the aging, as necessary or appropriate for pilot implementation, in accord with interagency agreements negotiated by the affected agencies.

Sec. 517. From the amount appropriated in section 101 for child abuse and neglect programming, the department may allocate not more than \$50,000.00 for a multicounty pilot program to be administered by a certified home health care agency to prevent child abuse and neglect.

Sec. 518. From the funds appropriated in section 101 for delinquency prevention and treatment, the department shall allocate \$32,000.00 for the urban youth outreach program.

Sec. 519. From the funds appropriated in section 101 for delinquency prevention and treatment, the department shall contract for services with the alternatives for girls program.

Sec. 520. (1) From the funds appropriated in section 101 for foster care payments and hospital services and therapy, funds shall be set aside for the purpose of expanding maternal support services, prenatal outreach services provided by state and local agencies, substance abuse treatment for pregnant women, infant support services, parent-infant bonding programs, and other programs and services that will reduce premature births, low-weight births, births of addicted infants, and complicated pregnancies and births. Maternal and child support services shall be extended to medicaid-eligible children up to age 1, effective January 1, 1993.

(2) The program shall be developed, monitored, and evaluated by an oversight committee representing the department, the department of public health, local health departments, hospitals, and appropriate community agencies and programs.

(3) Services shall focus upon serving those pregnant women and infants who are at greatest risk of complicated pregnancy and birth, premature births and low-birth weight, substance abuse, and foster care for addicted infants.

(4) Services shall be phased in so as to maximize the potential for savings by focusing services on women and children at greatest risk, by utilizing existing programs and services, and by utilizing private and federal dollars.

(5) The department shall report quarterly to the house and senate appropriations subcommittees on social services on the distribution of funds for these purposes and shall document any savings that have been achieved as the result of the program and services.

#### **RESIDENTIAL CARE DIVISION**

Sec. 601. 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 the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1253 of the Michigan Compiled Laws.

#### **ASSISTANCE PAYMENTS, SERVICES AND CLERICAL FIELD STAFF**

Sec. 701. From the funds appropriated in section 101, the department may base assistance payments workers in hospitals agreeing to pay the state portion of the workers' salaries and related personnel costs. Hospital payments to the department shall be credited to a revenue account established for that sole purpose, and shall be applied against the local funds-donated funds deduct in the assistance payments, services and clerical field staff appropriation unit.

Sec. 702. The department is authorized to begin implementation of an AFDC fraud control project. Upon receipt of the necessary federal approvals, the department may receive and spend additional federal earnings attributable to the implementation of this project.

#### **PUBLIC ASSISTANCE**

Sec. 801. (1) The department may terminate a vendor payment for shelter when a recipient's rental unit is not in compliance with applicable local housing codes. Compliance shall be considered to be met if the

department of social services 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 housing authority. 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.

(3) In order to participate in the rent vendoring programs of the department, a landlord shall cooperate in weatherization and conservation efforts directed by an energy provider participating in an agreement with the department, by the department, or by the department of labor when the landlord's property has been identified as needing services.

(4) The department shall establish a rent vendor payment system that allows for the escrowing of rent payments to landlords in those cases where a client chooses to stop vendor payments and the landlord has not received notice prior to 30 days of the tenant's intended vacancy date.

(5) The department shall request a federal waiver to allow the state to structure a direct housing vendor program for AFDC recipients. The department shall report to the legislature quarterly on the status of this waiver request.

Sec. 802. From the funds appropriated in section 101 for aid to families with dependent children payments and medical services, the mother of an unborn child shall be eligible to receive aid to families with dependent children and medical services benefits for herself and her child if all other eligibility factors are met. To be eligible for these benefits, the applicant shall provide medical evidence of her pregnancy. If she is unable to provide the documentation, payment for the examination may be at state expense. The department of social services shall undertake such measures as may be necessary to ensure that necessary prenatal care is provided to medicaid-eligible recipients.

Sec. 803. The department, together with other agencies, may establish special projects to provide special needs shelter payment levels for the program of aid to families with dependent children that will support the development of transitional shelter facilities for homeless families. These facilities are to provide supportive services to families and to support the development of permanent low-income housing. The department shall report to the house and senate appropriations subcommittees on social services the number of families served by these transitional shelter facilities and the effectiveness of the special projects in providing additional low-income housing.

Sec. 804. Family assistance shall be provided in instances where aid to families with dependent children eligibility could not be met. The eligibility policies in effect January 1, 1991 for general assistance families shall be utilized for determining family assistance eligibility.

Sec. 805. (1) The department of social services shall operate a state disability assistance program. Persons eligible for this program shall include needy persons 18 years of age or older, or emancipated minors, who meet 1 or more of the following requirements:

- (a) A recipient of supplemental security income, social security, or medical assistance due to disability.
  - (b) A person who is medically diagnosed as incapacitated and unavailable for work for at least 90 days.
  - (c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.
  - (d) A person receiving 30-day postresidential substance abuse treatment.
  - (e) A person diagnosed as having acquired immunodeficiency syndrome or acquired immunodeficiency syndrome related complex.
  - (f) A person receiving special education services through the local intermediate school district.
  - (g) A pregnant woman.
  - (h) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.
- (2) Applicants for the state disability assistance program shall be considered needy if they:
- (a) Possess liquid assets of \$250.00 or less.
  - (b) Own 1 automobile with an equity value of \$1,500.00 or less.
  - (c) Earn a monthly income that is less than the payment standards established in subsection (3).

(3) Until implementation of the department of social services flat grant payment system, payment standards for the state disability assistance program shall be those that were in effect for the general assistance program on January 1, 1991.

Sec. 806. The nonexempt resource limitation for both state disability assistance applicants and recipients shall be \$250.00.

Sec. 807. (1) The department of social services shall implement 1 or more pilot projects designed to test the effectiveness of allowing aid to families with dependent children recipients to keep additional income beyond any amounts required by the federal government, if they either obtain employment or maintain current employment. Such pilots may include the development of policies similar to the income offset policy in effect for recipients during fiscal year 1990-91, providing bonus payments for obtaining and maintaining employment, or other payment mechanisms developed by the department to encourage employment for aid to families with dependent children recipients.

(2) The department shall seek any federal waivers necessary to implement the pilot projects.

Sec. 808. The level of reimbursement provided to state disability 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. 809. County departments of social services shall require each recipient of state disability and state family assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the state disability assistance and state family assistance programs upon receipt of retroactive supplemental security income benefits.

Sec. 810. The department of social services' ability to satisfy appropriation deductions in section 101 for state disability assistance/supplemental security income recoveries shall not be limited to recoveries and accruals pertaining to state disability assistance grant payments provided only in the current fiscal year, but shall include all net state disability assistance/supplemental security income recoveries received during the current fiscal year.

Sec. 811. 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. 812. (1) The department, as it determines is appropriate, shall enter into agreements with energy providers by which cash assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient. The payments shall include heat and electric payment requirements from recipient grants and amounts in excess of the payment requirements.

(2) Assuming available fiscal year 1992-93 federal LIEAP funds of \$77.7 million plus carryforward, the energy caps shall be \$160.00 for natural gas, wood, and electric heat service, \$300.00 for deliverable fuel heat services, and \$250.00 for electric service. If a smaller federal LIEAP award is available, the program will be modified to ensure that expenditures do not exceed the general fund/general purpose energy assistance related appropriations in both the departments of social services and treasury. If a larger federal LIEAP award is available, the caps shall be adjusted upward to reflect available revenue.

Sec. 813. A provider utility shall be entitled to recover in its rates all qualifying costs incurred pursuant to an agreement between the provider utility and the department for the payment of all or part of assisted households' heating and electric service bills. Qualifying costs shall include prudently incurred costs for incentives, forgiveness, and energy conservation program development and operation costs and the cost of capital incurred for assisted household arrearages held by the provider utility. All such qualifying costs incurred from program years beginning after October 1, 1992 shall be subject to deferred accounting and recovery through a general rate case application or shall be subject to timely recovery through separate limited purpose rate proceedings.

Sec. 814. 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, 1993.

Sec. 815. From the funds appropriated in section 101 for the state emergency relief program, the department shall allocate \$590,200.00 and \$408,600.00 to the Arab Chaldean council and to ACCESS, respectively.

Sec. 816. From the funds appropriated in section 101 for the state emergency relief program, the department shall make a grant of \$90,000.00 to the food bank council of Michigan for the purpose of supporting the mobile food bank program.

Sec. 817. The department shall continue its absence policy to provide for the retention of children in the aid to families with dependent children 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.

Sec. 818. The department of social services shall not enter into a bid process for propane service and shall establish with affected provider groups a committee to study the probability of a propane bid.

## **MEDICAL SERVICES**

Sec. 901. 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. Settlements of properly submitted cost reports shall be paid not later than 9 months from receipt of the final report.

Sec. 902. 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. 903. For care provided to medicaid recipients with other third party sources of payment, medicaid reimbursement shall equal, in combination with such 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 shall 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. The department shall require a nonenrolled provider to accept medicaid payments as payment in full.

Sec. 904. From the funds appropriated in section 101 for the medical services administration, the department of social services shall provide for an inpatient hospital prior authorization and on-site review system.

Sec. 905. From the funds appropriated in section 101, the department may continue to conduct demonstration pilot projects on preadmission screening for nursing homes.

Sec. 906. (1) The pharmaceutical dispensing fee shall be a maximum of \$3.72, effective October 1, 1992. If a recipient is 21 years of age or older, the department shall require a \$1.00 per prescription client copayment, except as prohibited by federal or state law or regulation.

(2) The department shall require copayments on dental, podiatric, vision 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 new copayments are implemented or existing copayments are changed, the department shall submit the plan to the senate and house appropriations subcommittees on social services.

Sec. 907. The department shall reimburse title V qualified local public health departments for maternal and child health related services at an enhanced rate using local expenditures as state match to earn federal funds.

Sec. 908. (1) The funds appropriated for hospital disproportionate share payments in section 101 are for a special 1-time payment and shall not affect the payments made to hospitals under the regular disproportionate share adjustor to medicaid prices per case (DRG or per diem).

(2) Contributions to the general fund will be used to support the medicaid program. Payments to an eligible hospital under this provision will be made in accordance with medicaid policy and will not be dependent upon, or in return for, a contribution from the eligible hospital.

Sec. 909. The maximum limits on payments under the medicaid program, established in conformance with title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f and 1396i to 1396u, 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. 910. 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 functional level. At a minimum, remedial services include basic self-care and rehabilitation training for a resident.

Sec. 911. Qualified medicare beneficiaries with incomes up to and including 100% of the poverty level shall be eligible for the full range of medicaid benefits.

Sec. 912. Participating home health care agencies shall be reimbursed for mileage associated with a medicaid client visit at a rate of 26 cents per mile for all mileage in excess of 10 miles per visit.

Sec. 913. It is the intent of the legislature that at least 50% of inflation increases in rates shall be used for a wage and benefit pass-through to nursing home workers, based on a plan developed by the department and substantially similar to a plan implemented in the 1989-1990 fiscal year. The rate increase for enhanced wages and benefits shall be provided to those facilities which make application for it to fund the medicaid program share of wage and benefit increases up to 50 cents per employee hour. The pass-through shall only be used to increase wages and benefits. Nursing facilities shall be required to document that these wage and benefit increases were actually provided.

Sec. 914. The department may put out for bid a provider service contract within the vision services portion of auxiliary medical services which combines the dispensing and examinations contract with the frames and lenses contract. Bid specifications shall be consistent with existing department criteria.

Sec. 915. The medicaid program may create a system of capitated payment to providers of dental services in those counties in which, when providing dental services to all medicaid recipients, a capitated system would result in a reduction of expenditures for dental services from that provided in this budget but would not reduce access. The medicaid program shall undertake a review to determine in which counties such a reduction of expenditures may be achieved by creating a system of capitated payment.

Sec. 916. Medicaid adult dental services shall be restored to the level in effect on October 1, 1991.

Sec. 917. Medicaid podiatric services shall be restored to the level in effect on October 1, 1991, except that reasonable utilization limitations may be adopted in order to prevent excess utilization.

Sec. 918. Medicaid chiropractic services shall be restored to the level in effect on October 1, 1991, except that reasonable utilization limitations may be adopted in order to prevent excess utilization.

Sec. 919. The department shall submit quarterly reports to the house and senate appropriations subcommittees on social services on the status of collection efforts resulting from medicaid surveillance and utilization review activities.

Sec. 920. (1) From the funds appropriated in section 101 for hospital services and therapy, the department, subject to the requirements and limitations in this section, shall establish a funding pool of up to \$64,300,000.00 for the purpose of enhancing the aggregate payment for medicaid hospital outpatient services. Such payments, if any, may be made as a gross adjustment to hospital outpatient payments or by another mechanism or schedule as determined by the department, which meets the intent of this section.

(2) For counties with populations in excess of 2,000,000 persons, the department shall distribute \$34,760,000.00 to hospitals if \$15,500,000.00 is received by the state from such counties, which meets the criteria of an allowable state matching share as determined by applicable federal laws and regulations. If the state receives a lesser sum of an allowable state matching share from these counties, the amount distributed shall be reduced accordingly. In addition, the department shall distribute up to an additional \$16,240,000.00 to hospitals in these counties, with the state's share funded by a transfer of up to \$7,022,000.00 in GF/GP authorization from the indigent medical care program account. The amount distributed, if any, to any given hospital in these counties shall be based on a formula determined by the department.

(3) For counties with populations less than 2,000,000 persons, the department shall distribute \$13,300,000.00 in the aggregate to hospitals if \$6,000,000.00 is received by the state in total from counties other than those meeting the population criteria in subsection (2) in revenue which meets the criteria of an allowable state matching share. If the state receives a lesser sum of an allowable state matching share, the amount to be distributed shall be reduced accordingly. The amount to be distributed, if any, to any given hospital shall be based on a formula determined by the department.

(4) The department shall make distributions from this pool as soon after the effective date of this act as is possible.

Sec. 921. (1) From the funds appropriated in section 101 for the indigent medical care program, the department shall establish a program which provides for the basic health care needs of indigent persons as delineated in the following subsections.

(2) Eligibility for this program is limited to the following:

(a) Persons currently receiving cash grants under either the family assistance or state disability assistance programs who are not eligible for any other public or private health care coverage.

(b) Any other resident of this state who currently meets the income and asset requirements for the state disability assistance program and is not eligible for any other public or private health care coverage.

(3) All potentially eligible persons, except those defined in subsection (2)(a), who shall be automatically enrolled, may apply for enrollment in this program at local department of social services offices or other designated sites.

(4) The program shall provide for the following minimum level of services for enrolled individuals:

(a) Physician services provided in private, clinic, or outpatient office settings.

(b) Diagnostic laboratory and X-ray services.

(c) Pharmaceutical services.

(5) Program enrollees shall be required to receive services as follows:

(a) Physician services shall be obtained only from 1 of the following:

(i) An established managed care program designated by the department such as a county patient care management system.

(ii) Other managed care plans which enter into contracts with the department.

(iii) In sparsely populated areas or areas without available managed care plans, from individual providers on a contractual basis arranged by the department or other designated entity.

(b) Diagnostic laboratory and X-ray services must be ordered by the enrollee's assigned provider or authorized referral provider.

(c) Prescriptions may be filled by any medicaid program participating pharmacy, but the prescription must be written by the enrollee's assigned provider or authorized referral provider.

(6) The department shall expedite the establishment of this program and shall provide bi-weekly summaries of progress toward this end to the legislature. However, in the interim nothing in these subsections shall be construed as limiting the ability of the department to continue to provide for the health care needs from these appropriations based on current department policy.

Sec. 922. The department shall institute a plan to require hospitals to assist in the acknowledgment of paternity. The hospitals shall obtain notary power for their unit or records clerks so that any father of an out-of-wedlock child coming to visit the child and its mother can sign appropriate paternity papers, according to Michigan law. To encourage the mother and father, and to train professional staff to encourage acknowledging paternity, the department shall provide an informational brochure at prenatal clinics, doctors' offices, at each hospital, and at local department offices.

Sec. 923. The department may develop a plan to deliver medicaid psychiatric services through a managed care system. In developing this plan, the department shall consult with the department of mental health, community mental health boards, medicaid recipients or representatives of medicaid recipients, providers and other interested parties. The department shall submit its plan to the senate and house appropriations subcommittees on social services.

Sec. 924. The department of social services shall continue to implement the physician sponsor plan and shall require aid to families with dependent children 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. 925. The department shall not preauthorize or in any way restrict single-source pharmaceutical products except those single-source pharmaceuticals that have been subject to prior authorization by the department prior to January 1, 1992 and those single-source pharmaceuticals within the categories specified in section 1927(d)(2) of the social security act, 42 U.S.C. 1396s(d), or for the reasons delineated in section 1927(d)(3) of the social security act.

Sec. 926. From the funds appropriated in section 101 for maternal and child health services, the department shall make a grant of \$53,000.00 to Pregnancy Services of Michigan.

Sec. 927. (1) The department of social services, in consultation with representatives of the Michigan state medical society, Michigan association of osteopathic physicians, and providers of home respiratory care, shall establish standards for medicaid-funded home oxygen use. These standards shall reflect those developed by the United States department of health and human services for the medicare program, adjusted for the population characteristics of the Michigan medicaid program. At a minimum, these standards shall include, but not be limited to:

- (a) Diagnoses amenable to treatment.
- (b) Quantitative blood gas thresholds.
- (c) Other prerequisite treatment requirements.
- (d) Prescription format and contents.
- (e) Scope and timing of subsequent medical certification.
- (f) Reimbursement rates and methodology.

(2) A written report of these standards shall be made available to the members of the senate and house appropriations subcommittees on social services prior to their implementation and no later than December 31, 1992.

Sec. 928. The department, in consultation with representatives of the nursing home industry and hospital discharge planners, shall develop a plan to maximize medicare reimbursement for recipients admitted to long-term care facilities. This plan should include policies which generate a sufficient number and geographical distribution of medicare certified beds so as to enhance the probability of an appropriate claim being filed while minimizing the overall cost to facilities and the medicaid program. This plan shall be in lieu of requiring that all medicaid certified beds be also certified for medicare.

Sec. 929. The department of social services, in cooperation with the department of mental health, is authorized to enter into 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. 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.

Sec. 930. The department shall establish a medicaid fraud detection program that provides awards to individuals that report fraudulent medicaid activities. Awards shall be determined by the department.

Sec. 931. The department shall not require providers of burial services to accept state payment for indigent burials as payment in full. Providers shall be permitted to collect supplemental payment from relatives of the deceased.

Sec. 932. The department, in conjunction with representatives from the nursing home industry, shall develop an inflation factor to be applied annually to the reimbursement rate for providers of long-term care to medicaid recipients. This factor shall be specific to the distinct aspects of the costs associated with the provision of long-term care in the state of Michigan.

Sec. 933. The department of social services shall not implement a mail order pharmacy program.

Sec. 934. Medicaid early and periodic screening, diagnosis, and treatment outreach services shall be reimbursed subject to a plan jointly developed by the departments of social services and public health, which provides for the efficient and equitable utilization of outreach funds concomitant with recognizing legitimate differences and needs across geographic areas.

Sec. 935. The department shall establish a process to resolve the problems of placement of children who no longer require acute inpatient psychiatric care but who cannot be discharged because they cannot be safely



returned to their home or are awaiting long term care placement, and of reimbursement to children's psychiatric facilities for services rendered to such children. The department shall report its resolution of these problems to the legislature within 90 days.

Sec. 936. The department shall create a panel to review and adjudicate claims submitted by children's psychiatric facilities for services rendered to children who no longer require acute inpatient psychiatric care, but who cannot be discharged because they cannot be safely returned to their home or are awaiting long term care placement. The panel shall be 3 persons. One shall be a member of a community mental health board, 1 shall hold a masters of social work degree, and 1 shall be an adolescent psychiatrist.

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.