

Act No. 145
Public Acts of 1994
Approved by the Governor
June 3, 1994
Filed with the Secretary of State
June 3, 1994

STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1994

Introduced by Senators Geake and Gast

ENROLLED SENATE BILL No. 988

AN ACT to make appropriations for the department of mental health and certain state purposes related to mental health for the fiscal year ending September 30 1995 to provide for the expenditure of such appropriations to create funds to provide for reports to prescribe the powers and duties of certain local and state agencies and departments and to provide for disposition of fees and other income received by the various state agencies

The People of the State of Michigan enact

Sec 101 There is appropriated for the department of mental health for the fiscal year ending September 30 1995 from the following funds

DEPARTMENT OF MENTAL HEALTH

Full time equated unclassified positions	60	
Full time equated classified positions	6 483 0	
Average population	2 418 0	
GROSS APPROPRIATION		\$ 1 523 547 500
Interdepartmental grant revenues		
IDG department of corrections		\$ 53 063 100
IDG department of social services		95 000
Total interdepartmental grants and intradepartmental transfers		53 158 100
ADJUSTED GROSS APPROPRIATION		\$ 1 470 389 400
Federal revenues		
Federal revenue additional acquired		2 300 000
HHS HCFA title XIX		342 482 300
HHS OASH mental health block grant		9 807 800
Federal special education		30 000
DED OESE educationally deprived children state administration title I		149 800
HHS OHDS developmental disabilities basic support and advocacy grants		2 345 000
DAG FNS national school lunch program		388 700
Homelessness formula grant program (P L 101 646 title V)		829 400
Federal Omnibus reconciliation act title XIX		16 037 400
Federal consumer support project		92 500
Federal initiative for older persons		632 000
Federal public domain oil/gas royalty		700 000
Federal contingency revenues		20 000 000
Total federal revenues		395 794 900

For Fiscal Year
Ending Sept 30
1995

Special revenue funds	
Local special education revenue	\$ 1 264 100
Local county match revenues	28 137 200
Total local revenues	29 401 300
Private gifts and bequests revenues	2 000 000
Private revenue additional acquired	200 000
Total private revenues	2 200 000
Total local and private revenues	31 601 300
Lease/rental revenue	32 100
Act 423 recipient fees and third party reimbursements	7 500 000
1st/3rd party revenues	23 873 300
Miscellaneous revenue	200 000
Tuition/stipend reimbursement	33 600
Sheltered workshop revenue	100 000
Total other state restricted revenues	31 739 000
State general fund/general purpose	\$ 1 011 254 200

EXECUTIVE PROGRAM

Full time equated unclassified positions	6 0
Full time equated classified positions	367 0
Citizens mental health advisory councils	\$ 43 900
Director—1 0 FTE position	87 300
Deputy directors and executive assistants—5 0 FTE positions	243 200
Departmental administration and management—367 0 FTE positions	28 219 600
Revenue recapture	750 000
Direct care staff training	62 800
GROSS APPROPRIATION	\$ 29 406 800
Federal revenues	
HHS HCFA title XIX	1 349 500
Federal special education	30 000
Special revenue funds	
1st/3rd party revenues	375 000
Miscellaneous revenue	135 000
Tuition/stipend reimbursement	33 600
State general fund/general purpose	\$ 27 483 700

FEDERAL AND PRIVATELY FUNDED PROJECTS

Full time equated classified positions	14 0
Developmental disabilities council and projects—12 0 FTE positions	\$ 2 345 000
Central fund for acquiring additional federal and private funds	2 500 000
Gifts and bequests for patient living and treatment environment	2 000 000
Homelessness formula grant program—2 0 FTE positions	1 463 700
DED OESE ECIA title I	149 800
Federal contingency funds	20 000 000
GROSS APPROPRIATION	\$ 28 458 500
Federal revenues	
HHS OHDS developmental disabilities basic support and advocacy grants	2 345 000
DED OESE educationally deprived children state administration title I	149 800
Homelessness formula grant program (P L 101 646 title V)	829 400
Federal revenue additional acquired	2 300 000
Federal contingency revenues	20 000 000
Special revenue funds	
Private revenue additional acquired	200 000
Private gifts and bequests revenues	2 000 000
State general fund/general purpose	\$ 634 300

FAMILY AND CONSUMER SUPPORT SERVICES

Full time equated classified positions	2 0	
Family support subsidy	\$	11 727 300
Dental program for persons with developmental disabilities		51 000
Pilot projects in prevention for adults and children—2 0 FTE positions		1 513 800
Consumer involvement program		218 100
Foster grandparent and senior companion program		1 872 400
Communities first pilot project		95 000
Protection and advocacy services for persons with mental illness		356 400
Protection and advocacy services for persons with developmental disabilities		461 900
Mental health initiatives for older persons		1 102 500
GROSS APPROPRIATION	\$	<u>17 398 400</u>
Interdepartmental grant revenues		
IDG department of social services		95 000
Federal revenues		
Federal consumer support project		92 500
Federal initiative for older persons		632 000
State general fund/general purpose	\$	16 578 900

COMMUNITY MENTAL HEALTH PROGRAMS

Full time equated classified positions	15 0	
Community mental health operations	\$	734 414 800
Support for expanded CMH services financed through reduced utilization of state facilities		23 200 000
CMH Critical needs services		5 384 700
Community demand beds		7 127 600
Multicultural and special needs projects		3 010 000
CMH purchase of state services contracts		340 260 000
Federal mental health block grant—2 0 FTE positions		9 807 800
Omnibus reconciliation act implementation—13 0 FTE positions		31 371 900
CMH Act 423 fund		7 500 000
GROSS APPROPRIATION	\$	<u>1 162 076 800</u>
Federal revenues		
HHS HCFA title XIX		229 873 900
HHS OASH mental health block grant		9 807 800
Federal Omnibus reconciliation act title XIX		16 037 400
Special revenue funds		
Act 423 recipient fees and third party reimbursements		7 500 000
State general fund/general purpose	\$	898 857 700

COMMUNITY RESIDENTIAL SERVICES

Full time equated classified positions	423 0	
Community residential and support services for children with mental illness— 6 0 FTE positions	\$	4 449 600
Community residential and support services for adults with mental illness— 38 0 FTE positions		8 958 300
Community residential and support services for persons with developmental disabilities—369 0 FTE positions		206 452 000
Community alternatives for state regional centers		5 150 400
DMB real estate services		272 700
Macomb Oakland site cost—10 0 FTE positions		818 600
Department of social services SSI advocacy for mental health		416 100
CMH purchase of state services contracts		(128 881 500)
GROSS APPROPRIATION	\$	<u>97 636 200</u>
Federal revenues		
HHS HCFA title XIX		75 585 000
Federal public domain oil/gas royalty		700 000
Special revenue funds		
1st/3rd party revenues		3 760 000

		For Fiscal Year Ending Sept 30 1995
Local county match revenues	\$	10 933 400
State general fund/general purpose	\$	6 657 800
INSTITUTIONAL SERVICES		
Full time equated classified positions	19 0	
Compensation for working patients	\$	510 600
Worker s compensation program—1 0 FTE positions		12 277 500
Psychiatric residency program		3 935 100
Early retirement year 4		853 200
Purchase of medical services for residents of hospitals and centers		4 013 700
Maintenance of property being leased or rented		95 000
Equipment		1 948 000
Special maintenance		359 200
Displaced worker assistance projects		55 000
Severance pay		3 678 000
Closed site and related costs—18 0 FTE positions		1 656 500
GROSS APPROPRIATION	\$	29 381 800
Special revenue funds		
Lease/rental revenue		32 100
State general fund/general purpose	\$	29 349 700
STATE PSYCHIATRIC HOSPITALS		
Total average population	1 612 0	
Full time equated classified positions	3 117 0	
Caro regional mental health center psychiatric services unit—267 0 FTE positions	\$	14 829 000
Average population	119 0	
Clinton Valley center—630 0 FTE positions		41 474 000
Average population	348 0	
Detroit psychiatric institute—258 0 FTE positions		18 822 300
Average population	129 0	
Kalamazoo regional psychiatric hospital—537 0 FTE positions		33 923 100
Average population	261 0	
Northville regional psychiatric hospital—1 035 0 FTE positions		67 664 100
Average population	533 0	
Walter P Reuther psychiatric hospital—390 0 FTE positions		25 879 200
Average population	222 0	
CMH purchase of state services contracts		(165 099 700)
GROSS APPROPRIATION	\$	37 492 000
Federal revenues		
HHS HCFA title XIX		6 863 800
DAG FNS national school lunch program		167 600
Special revenue funds		
Sheltered workshop revenue		100 000
Miscellaneous revenue		30 000
1st/3rd party revenues		16 192 400
Local county match revenues		13 907 400
Local special education revenue		230 800
State general fund/general purpose	\$	0
STATE PSYCHIATRIC HOSPITALS FOR CHILDREN AND ADOLESCENTS		
Total average population	251 0	
Full time equated classified positions	627 0	
Detroit psychiatric institute children s program—20 0 FTE positions	\$	1 222 000
Average population	12 0	
Fairlawn center—307 0 FTE positions		18 637 700
Average population	123 0	
Hawthorn center—260 0 FTE positions		17 026 700
Average population	100 0	

For Fiscal Year
Ending Sept 30
1995

Pheasant Ridge children s program at Kalamazoo regional psychiatric hospital— 40 0 FTE positions		\$	3 040 300
Average population	16 0		
CMH purchase of state services contracts			(26 667 300)
GROSS APPROPRIATION		\$	13 259 400
Federal revenues			
HHS HCFA title XIX			8 128 900
DAG FNS national school lunch program			192 800
Special revenue funds			
1st/3rd party revenues			2 289 400
Miscellaneous revenue			14 000
Local county match revenues			1 601 000
Local special education revenue			1 033 300
State general fund/general purpose		\$	0
STATE CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES			
Total average population	345 0		
Full time equated classified positions	706 0		
Caro regional mental health center developmental services unit—201 0 FTE positions		\$	12 647 100
Average population	115 0		
Mount Pleasant center—264 0 FTE positions			15 865 400
Average population	132 0		
Southgate regional center—333 0 FTE positions			19 931 800
Average population	174 0		
Census reduction savings in state centers—(92 0) FTE positions			(5 150 400)
Average population	(76 0)		
CMH purchase of state services contracts			(19 611 500)
GROSS APPROPRIATION		\$	23 682 400
Federal revenues			
HHS HCFA title XIX			20 681 200
DAG FNS national school lunch program			28 300
Special revenue funds			
1st/3rd party revenues			1 256 500
Local county match revenues			1 695 400
Miscellaneous revenue			21 000
State general fund/general purpose		\$	0
FORENSIC AND PRISON MENTAL HEALTH SERVICES			
Total average population	210 0		
Full time equated classified positions	1 193 0		
Center for forensic psychiatry—440 0 FTE positions		\$	29 044 000
Average population	210 0		
Center for forensic psychiatry—outpatient evaluation—40 0 FTE positions			2 648 100
Inpatient outpatient and residential services—713 0 FTE positions			53 063 100
GROSS APPROPRIATION		\$	84 755 200
Interdepartmental grant revenues			
IDG department of corrections			53 063 100
State general fund/general purpose		\$	31 692 100

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 bill is \$1 042 993 200 00 and state spending to units of local government is as follows

DEPARTMENT OF MENTAL HEALTH

Community mental health programs	\$	508 328 200
Community mental health grant fund		7 500 000

	For Fiscal Year Ending Sept 30 1995
Community demand beds	\$ 5 225 000
CMH critical needs services	3 500 000
Family support subsidies	11 727 300
Communities first pilot projects	95 000
Foster grandparents and senior companions	1 872 400
Prevention projects	1 513 800
Homelessness formula grant program state match	634 300
Multicultural special needs project	3 010 000
Consumer involvement program	125 600
Omnibus reconciliation act implementation	14 032 200
Community alternatives for state regional centers	5 150 400
Community residential and support services	35 854 300
Expanded community mental health services/reduced state facilities utilizations	23 200 000
Total	\$ 621 768 500

(2) When it appears to the director of the 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 director 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 The appropriations made and the expenditures authorized under this act and the 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 203 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 the provisions of 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

Sec 204 As used in this act

(a) ADAMHA means the United States department of health and human services alcohol drug abuse and mental health administration

(b) ADP means automated data processing

(c) CMH means community mental health

(d) CMH Act 423 fund means the fund described in section 310(b) of the mental health code Act No 258 of the Public Acts of 1974 being section 330 1310 of the Michigan Compiled Laws

(e) DAG FNS means the United States department of agriculture food and nutrition services

(f) DED OESE means the United States department of education office of elementary and secondary education

(g) DED OESE (ECIA) means the education consolidation and improvement act

(h) Department means the department of mental health

(i) FTE means full time equated

(j) HHS means the United States department of health and human services

(k) HHS HCFA means the health care financing administration

(l) HHS OASH means the office of the assistant secretary for health

(m) HHS OHDS means the office of human development services

(n) ICF/MR means intermediate care facility for the mentally retarded

(o) IDG means interdepartmental grant

(p) IDT means intradepartmental transfer

(q) OBRA means the federal omnibus budget reconciliation act of 1987

(r) SSI means supplemental security income

(s) Title XIX or medicaid means title XIX of the social security act chapter 531 49 Stat 620 42 U S C 1396 to 1396g and 1396i to 1396v

(t) Title XX means title XX of the social security act chapter 531 49 Stat 620 42 U S C 1397 to 1397f

Sec 205 (1) Each April 15 the department shall provide a report to the department of management and budget the chairpersons of the senate and house appropriations committees the senate fiscal agency the house fiscal agency and the legislative auditor general The report shall contain all of the following

(a) A description of the clients services funding and expenditures of each community mental health board including information about per capita expenditure by client group

(b) Information about the reimbursement eligibility of clients of the department and community mental health boards

(2) The department shall provide a report on contractual services to the department of management and budget and to the chairpersons of the senate and house appropriations committees each month The report shall be based on the monthly civil service statewide contracted services report required by section 281 of the management and budget act Act No 431 of the Public Acts of 1984 being section 18 1281 of the Michigan Compiled Laws The report shall provide the name of the contractor the dollar value of the contract description and location of the service to be provided and justification for the contract

Sec 206 Agencies contracting with county community mental health boards or the department of mental health shall provide 3 days notice to the community mental health board or the department of mental health of all committee and full board meetings and shall conduct all portions of meetings pertaining to community mental health board or department funded programs in the same manner as required for meetings of public bodies under 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

Sec 207 (1) Beginning October 1 1994 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 and prohibited from filling any vacant state classified civil service positions This hiring freeze does not apply to internal transfers from 1 position to another within a department or to positions that are funded 80% or more from federal or restricted funds

(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 The director of the department of management and budget shall report by the fifteenth of each month to the chairpersons of the senate and house appropriations committees the number of exclusions to the hiring freeze approved during the previous month and the reasons to justify the exclusion

Sec 207a Funds appropriated in section 101 shall not be used for the purchase of foreign goods and/or services when competitively priced and of comparable quality American goods and/or services are available By May 1 1995 the department of mental health shall submit a report to the department of management and budget the speaker and minority leader of the house the majority and minority leaders of the senate and the chairpersons of the house and senate appropriations committees on efforts to comply with this section

Sec 208 The department shall establish an FTE position vacancy accumulated funds account The department shall transfer into the FTE position vacancy accumulated funds account at the end of each quarter any funds remaining unspent for personnel and related costs for vacancies A report on the amount transferred each quarter into the vacancy accumulated funds account and the cumulative total in the account shall be submitted to the house and senate appropriations committees and the house and senate fiscal agencies 15 days after the last pay period in each quarter

Sec 209 At least 14 days before a privatization elimination retention or modification analysis is submitted to the civil service commission for approval of a contract that will result in the loss of employment by classified state employees or otherwise substantially alters the delivery of a service central to the mission of the department the department shall submit a copy of the analysis to the house and senate appropriations committees If a collective bargaining agreement covering state employees described in this section requires notification prior to the 14 or more day period described in this section the department shall submit the analysis to the appropriations committees on or before the date specified in that agreement The analysis shall include all of the following

(a) The justification for privatizing or contracting the function or service

(b) The estimated number of classified state employees potentially affected by the contract

(c) The civil service commission criteria used to justify privatization

(d) The projected cost savings from privatization if any including

- (i) Documentation that the savings meets the minimum criteria established by the civil service commission
- (ii) The cost of contract monitoring
- (iii) The conversion cost associated with termination of state employees
- (iv) The conversion revenue associated with the sale of an asset or service to the contractor
- (v) Estimated net revenue lost to the state by privatizing the service or function
- (vi) A demonstration that the service would be performed at substantial long term savings to the state when compared with the cost of performance of the service or function by classified state employees. The demonstration of substantial long term savings shall be consistent with criteria developed by the department of civil service.

Sec 210 Funds appropriated in section 101 in the line item identified as Federal contingency funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393 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 From the funds appropriated in section 101 the department may make grants in support of the Michigan neighborhood partnership to nonprofit organizations for purposes consistent with the purposes of the line item appropriation from which the grant is made. The total of such grants made by the department shall not exceed \$50,000.00.

Sec 212 (1) The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies or both for the department.

(2) The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies or both.

EXECUTIVE OFFICE

Sec 301 Funds appropriated in section 101 from the central fund for acquiring additional federal and private funds shall not be expended until the grant money is actually authorized by the grantor. Funds accepted under this section shall not be authorized if the receipt of the funds mandates a commitment for state funding at a future date.

Sec 302 (1) In funding of staff in the financial support division, reimbursement and billing and collection sections, priority shall be given to obtaining third party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

(2) The department shall continue a revenue recapture project to generate additional revenues from third parties related to cases which have been closed or are inactive. Revenues collected through project efforts are appropriated to the department for departmental costs and contractual fees associated with these retroactive collections and to improve ongoing departmental reimbursement management functions so that the need for retroactive collections will be reduced or eliminated.

Sec 303 The department's ability to satisfy appropriation deductions in section 101 shall not be limited to collections and accruals pertaining to services provided in fiscal year 1994-95 but shall also include reimbursements, refunds, adjustments and settlements from prior years.

Sec 304 (1) With the approval of the department of management and budget and senate and house appropriations subcommittees on mental health, the director of the department may establish a discretionary fund not to exceed 5% of the sum of the amounts of funds appropriated in section 101 for the operation and support of executive programs, community mental health, institutional operations, residential services, and community mental health, medicaid revenues.

(2) The director of the department may allocate expenditure authorization amounts from the discretionary fund to departmental institutions, community mental health boards, or for family support subsidy payments. These funds may be used to achieve or maintain certification for federal title XIX benefits, to equalize and maximize staffing needs, assessment, project ratios, to expedite the transition of responsibility for services to community mental health boards, and to minimize the utilization of state inpatient services.

(3) The director of the department may also allocate revenue amounts from the discretionary fund for HHS HCFA title XIX, DAG, FNS, national school lunch program, first/third party revenues, miscellaneous revenues, audit exception/cost settlement revenues, and local county match revenues allocated for state hospitals, centers, and residential care into another revenue account listed in this section, and into community mental health medicaid revenue accounts.

Sec 305 Funds appropriated in section 101 for the mental health advisory council may be used for member per diems of \$50 00 and other council expenditures Funds may also be used for the expenses of the state mental health advisory council on deafness and other expenses for councils established by the mental health code Act No 258 of the Public Acts of 1974 being sections 330 1001 to 330 2106 of the Michigan Compiled Laws

Sec 306 Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$2 000 000 00 remaining on September 30 1995 from the amounts appropriated in section 101 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state operated facilities Use of the gifts and bequests shall be consistent with the stipulation of the donor The expected completion date for the use of gifts and bequests donations is within 1 year unless otherwise stipulated by the donor

Sec 307 Revenues appropriated in section 101 as audit exception/cost settlement revenues are revenues recovered by all methods from department contract audit settlements and contract cost settlements of prior fiscal years

Sec 308 The department shall provide quarterly reports concerning the department's revenue and expenditure status to the senate and house appropriations subcommittees on mental health the senate fiscal agency the house fiscal agency and the department of management and budget

Sec 309 The specific amounts indicated in section 101 of this act as restricted revenue for financing appropriations from first and third parties HCFA title XIX audit exception/cost settlement CMH purchase of state services contracts and county revenues are estimates of the proportion of the total amounts expected to be collected and the department may satisfy any individual restricted revenue deduct amount from the total revenues of all of those revenue sources A report shall be provided by April 15 to the legislative fiscal agencies and department of management and budget on actual collections by revenue source for each appropriation unit during the previous fiscal year

Sec 310 The funds appropriated in section 101 for prisoner mental health services are for the assumption of responsibilities for prisoner mental health in accordance with the interdepartmental plan developed in cooperation with the department of corrections The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in section 101 to fulfill the obligations outlined in the interdepartmental agreement

Sec 311 (1) In conjunction with the office of the auditor general the department shall establish performance audit guidelines for the evaluation of community mental health board performance in all of the following areas

- (a) Appropriateness of treatment plans and services to the needs of the service recipients
- (b) Effectiveness of treatment in relation to the treatment outcomes established by the department and improvement in the functioning and quality of life of service recipients
- (c) Protection and enforcement of recipient rights
- (d) Community needs assessment
- (e) Procedures used to determine the number of people waiting for service by service category
- (f) Recipient satisfaction with services

(2) The department shall carry out a pilot project in at least 3 community mental health boards to identify compare and analyze persons on waiting lists and service recipients in relation to service category age ethnicity insurance status and diagnosis

(3) Not later than September 30 1995 the department shall transmit a report to the house and senate appropriations subcommittees on mental health that includes all of the following

- (a) The performance audit guidelines
- (b) The estimated cost of carrying out an annual performance audit of each community mental health board
- (c) Uniform procedures for compilation of waiting list information
- (d) The results of the pilot project described in subsection (2)

FAMILY AND CONSUMER SUPPORT SERVICES

Sec 401 Funds appropriated in section 101 for multicultural special needs projects shall be distributed by the department among the various cultures in accordance with their treatment service needs and respective representation within the population of the state of Michigan

COMMUNITY MENTAL HEALTH

Sec 501 (1) Funds allocated in section 101 for community mental health operations include the continuation of transportation services funded 100% with state funds and include title XX transition grants

(2) In addition to the funds appropriated in section 101 for community mental health operations all funds received by the CMH boards in additional federal funds are appropriated It is intended that the community mental health boards maximize federal funding sources CMH boards shall retain contingent upon actual earnings the amount of increased federal funds above the amounts authorized in the billable services fiscal year ending September 30 1994 contracts State funding provided in each CMH board s contract shall not be altered as a result of implementation of this section

(3) If federal or state revisions occur in medicaid programs services or eligibility that reduce current community mental health reimbursement the department shall in conjunction with the department of management and budget determine the fiscal and program implications and make recommendations to the senate and house appropriations committees

Sec 502 (1) The department shall ensure that county CMH boards which have been designated as having full management authority and responsibility and state facilities enter into contracts which establish the county CMH board as the single point of entry and exit for residents of the board s service area Each contract between a full management board and a state facility shall specify at a minimum the board s authority and responsibility for all of the following

(a) Evaluating the appropriateness of an individual for admission and the preparation of an alternative treatment report

(b) Serving as the single point of entry to a state facility for residents of the board s service area

(c) The participation of the board s designees in providing treatment

(d) The discharge of residents from the board s service area at the time and in the manner determined by the board

(2) The department shall contract with community mental health boards for the purpose of coordinating community mental health board services with state inpatient psychiatric care The contract provisions shall include but are not limited to all of the following

(a) Screening of admissions

(b) Criteria for admission

(c) Development of a plan for service

(d) Coordination of services during inpatient care

(e) Discharge planning

(f) Aftercare services

(g) Prevention

(h) Provision of MI adult activity therapy services

Sec 503 (1) The funds appropriated in section 101 for purchase of state service contracts are for the purchase of state hospital and regional center services state administered community residential services or for approved community based programs that reduce utilization of state provided services below this appropriated level These funds shall be allocated to community mental health boards based on estimates approved by the department as part of the negotiated contract

(2) Funds that are allocated to community mental health boards when used to purchase state services shall be provided to state hospitals regional centers and placement agencies based on the per diem and billing arrangements approved by the department in the negotiated contract

(3) The care and treatment of persons discharged from state inpatient facilities shall be outlined in a written management plan to ensure that the provision of care and treatment will be at least as good or equivalent and appropriate to the care and treatment received in the state mental health facility The development of the plan should include the participation of the appropriate state mental health institutional staff and appropriate community mental health boards staff in prerelease planning and approval

Sec 504 (1) From funds appropriated in section 101 final authorizations to community mental health boards shall be made upon the execution of a contract between the department and each community mental health board The contract shall contain an approved plan and budget as well as the policies and procedures governing the obligations and responsibilities of both parties to the contract

(2) The department may advance to each community mental health board an amount not to exceed 1/4 of its estimated total collections from medicaid and may establish a separate accounts receivable for the total of these amounts Advances made pursuant to this subsection shall be repaid in the same fiscal year and before any advance is provided for a subsequent year

Sec 505 The funds appropriated in this act for community mental health programs shall not be used to replace funds no longer available because the local government or community mental health board reduced its base of support for state and local mental health services as defined in chapter 2 of the mental health code Act No 258 of the Public Acts of 1974 being sections 330 1200 to 330 1246 of the Michigan Compiled Laws below that of the previous year

Sec 506 (1) The funds appropriated in section 101 for community mental health programs shall be allocated to community mental health boards under a formal contract with the department The spending plans authorizations and allocations for each community mental health board shall be determined by the department central office staff in cooperation with community mental health boards

(2) Current billing and collection procedures for the net cost of state provided services shall continue as specified in chapter 3 of the mental health code Act No 258 of the Public Acts of 1974 being sections 330 1300 to 330 1320 of the Michigan Compiled Laws

(3) With the exception of funds allocated to community mental health boards the department shall have administrative authority to transfer funds from the appropriation authorized in section 101 to satisfy but not exceed state facility deduct amounts

(4) The department may access funds from this appropriation directly for patients who have no county affiliation or for whom county charges are exempted

(5) The shift of funds to the counties shall not result in increased costs to counties in excess of the local match required under section 302 of the mental health code Act No 258 of the Public Acts of 1974 being section 330 1302 of the Michigan Compiled Laws

Sec 507 Funds appropriated in section 101 for federal block grants shall provide continuation funding for community mental health board programs and do not assume any reductions in federal funding If reductions in the department of mental health allotment of federal ADAMHA block grant funds occur it is the intent of the legislature that the amount of the reduction be implemented through a pro rata reduction applied to all community mental health board contracts and departmental operations in the amount of the block grant reduction

Sec 508 The department shall establish a process for the design and implementation of mechanisms and arrangements to assure the long term viability of a single entry and single exit locally controlled comprehensive CMH system The department shall ensure the involvement of representatives from the CMH system the legislature and the executive department in this process The department in collaboration with representatives of the CMH system shall propose to the legislature and the governor changes in the law administrative rules accounting and budgeting mechanisms and appropriations which appear to be necessary and desirable in achieving the goal of a stable viable and comprehensive CMH system vested with authority and responsibility for managing and providing a full array of public mental health services

Sec 509 Funds appropriated in section 101 for community mental health programs may be used to provide technical assistance training and support from resource personnel with demonstrated education training and experience in the fields of mental illness and developmental disabilities aimed at development of a comprehensive range of community based services for the mentally ill and developmentally disabled These funds shall promote availability of and access to a comprehensive range of alternative services provided in integrated community settings which encourage the client to function in those settings as independently as possible The range of alternative community services would be available based on the changing needs of treatment goals of the client and would include services such as assertive community treatment programs supported independence programs crisis housing services work opportunities for persons with mental illness and developmental disabilities medical dental vocational legal and residential services that were provided to the client in the state inpatient facility from which he or she was discharged The program shall do all of the following

(a) Identify the elements of a continuum of community based services for the seriously mentally ill which are alternatives to state psychiatric hospital programs and assess the presence of these elements across the state and promote model alternative community treatment systems

(b) Reduce length of stay at state psychiatric hospitals through increased use of alternative and combined orders and expansion of private psychiatric hospital contracts The program shall train community mental health state facility liaison staff in the full use of combined and alternative treatment orders and in developing successful and functional liaison arrangement with courts state facilities and local law enforcement entities

(c) Provide technical assistance to county community mental health boards in expanding community based services for the seriously mentally ill through redirected funding and exploration of alternative sources of revenue

(d) Promote networking among community mental health boards to enhance service delivery provide information and training to community mental health staff on services to the seriously mentally ill develop an organized means of sharing of information among service providers regarding model programs and improve community understanding of

mental illness and availability of appropriated services. The department shall report by March 31, 1995 to the house and senate appropriations committees and to the department of management and budget on progress in implementing this section.

Sec 510 (1) Funds appropriated in section 101 for community mental health services may be reserved and carried forward into the subsequent fiscal year by county community mental health boards as part of a planned strategy to assist in dealing with base reductions and unfunded economic increases.

(2) Funding reserved for base program reductions and unfunded economic increases shall be limited to the difference between the cost of continuing existing community mental health services in the subsequent fiscal year and the level of funding available and shall be reserved as part of a plan submitted and approved by the department by the end of the third quarter.

(3) Conditions under which funding may be reserved include all of the following:

(a) The plan shall not alter or amend provisions of the contract between the department and county community mental health boards regarding protection of categorical funding.

(b) An expenditure made from a reserve account does not change a board's base allocation or create a full year cost obligation for the department.

(c) County community mental health boards shall report on the amount and source of the carry forward and the amount and purpose of expenditures from reserve accounts to the department.

(d) Funding carried forward and not used for the stated purpose shall lapse to the state general fund.

(4) Utilization of this capacity shall be assessed and reported to the house and senate appropriations committees and the department of management and budget by July 1, 1995.

Sec 511 The amount appropriated in section 101 for community mental health services is intended for funding of community mental health service boards in accordance with contracts between the department and the boards for the current fiscal year. The department shall establish such total payable and receivable amounts as may be appropriate to represent the expected final state obligation for all such contracts. After final review of the expenditure reports required by the contracts, any amounts advanced to the board which are returned to the department and any amounts paid to the boards in accordance with the provisions of the contracts shall be considered to be adjustments to the program expenditures for prior fiscal years. These prior year transactions shall be recorded in a separate account established for that purpose. Community mental health programs prior year revenue recognized in the current fiscal year may be restricted to finance related prior year expenditures not previously recorded.

Sec 512 On or before October 1, 1995, each CMH board shall prepare and submit to the department for approval a recipients' bill of rights. The recipients' bill of rights shall be a plan designed with the participation of the recipients of services in the CMH board's service area to provide each recipient who receives services through the CMH board's CMH program with assistance in locating and obtaining any of the following as needed by the individual:

- (a) Shelter
- (b) Food
- (c) Clothing
- (d) Medical care
- (e) Legal assistance
- (f) Education opportunities
- (g) Recreational opportunities
- (h) Inpatient services for children, adolescents, and adults
- (i) Residential services
- (j) Psychiatric services
- (k) Dental services
- (l) Rehabilitative services
- (m) Vocational services
- (n) Transportation services
- (o) Case management to provide access to needed services
- (p) Other necessities of life

Sec 513 (1) The department shall engage in collaborative planning with the department of social services to do all of the following:

(a) Develop and implement a process for postplacement adoption services that includes community mental health board screening and monitoring of children placed in child caring institutions and psychiatric units of community hospitals. It is the intent of the legislature that appropriate home based and outpatient services are the preferable service option unless the department of social services and the community mental health board determine that out of home placement is both appropriate and necessary.

(b) Establish a process that resolves problems associated with the placement of a child who no longer requires acute psychiatric inpatient care and is awaiting long term placement but cannot be discharged because the child cannot be safely returned to his or her home.

(2) The department shall report to the legislature on progress in complying with the requirements outlined in subsection (1) within 90 days after the effective date of this act.

Sec 514 (1) Each CMH board shall maintain a waiting list of persons waiting to receive mental health services who meet the following criteria:

(a) The person in person or by representation is seeking mental health services.

(b) The person has a condition for which the public mental health system has a responsibility to provide mental health services.

(c) The person has a condition for which both the public health system and the public mental health system have a responsibility to provide mental health services.

(d) The person is determined not to be in need of immediate emergency or crisis intervention services.

(e) The person has agreed to be placed on the waiting list.

(f) The person's placement on the list is determined by the priority of need, not by the time of arrival of the request for mental health services.

(2) The department shall prepare an annual report that compiles information about all of the CMH boards' waiting lists described in subsection (1) and identifies the amount of funds necessary to provide mental health services to all persons on the waiting lists. The report shall be submitted to the house and senate appropriations subcommittees on mental health and to the department of management and budget.

Sec 515 The department in conjunction with each CMH board shall establish a system to monitor and evaluate mental health services provided by each CMH board.

Sec 516 Each CMH board shall develop procedures to improve the administration of service provider contracts.

Sec 517 Each CMH board shall conduct record reviews and retrospective reviews to meet the requirements of the quality assurance plan.

Sec 518 The department shall review the continued feasibility and practicability of assessing county matching funds in the manner currently prescribed in the mental health code, Act No. 258 of the Public Acts of 1974, being sections 330.1001 to 330.2106 of the Michigan Compiled Laws, and make recommendations by October 1, 1994, to the house and senate appropriations subcommittees on mental health regarding alternative approaches.

Sec 519 (1) From the funds appropriated in section 101, the department shall make available to the Macomb County community mental health board for purchase services for individuals with developmental disabilities that shall include but not be limited to all of the following:

(a) Contract community residential homes.

(b) Placement services.

(c) Case management services.

(d) Clinical and consultation services.

(2) In addition to the duties described in subsection (1), the department shall also maintain contracts with community agencies other than group homes for the support of currently enrolled individuals where appropriate.

(3) The services described in this section shall be offered through the state agency known as the Macomb Oakland Regional Center (MORC).

Sec 520 (1) From the funds appropriated in section 101, the department shall make available to the Oakland County community mental health board for purchase services for individuals with developmental disabilities that shall include but not be limited to all of the following: /

(a) Contract community residential homes.

(b) Placement services.

(c) Case management services

(d) Clinical and consultation services

(2) In addition to the duties described in subsection (1) the department shall also maintain contracts with community agencies other than group homes for the support of currently enrolled individuals where appropriate

(3) The services described in this section shall be offered through the state agency known as the Macomb Oakland Regional Center (MORC)

Sec 521 The funds appropriated in section 101 for expanding community mental health services through the reduced utilization of state facilities represent savings resulting from census and state hospital or regional center reductions that are transferred to community mental health programs The appropriated amount of \$23 200 000 00 is based upon anticipated full year cost savings at state hospitals and regional centers

Sec 522 (1) The local county match obligation appropriated in section 101 may be met by CMH boards using funds appropriated to the department of social services in a line item entitled CMH adjuster under the following conditions

(a) The CMH adjuster funds may only be used to meet county match requirements that exceed the match requirement of the base year

(b) The base year is defined as the state fiscal year immediately preceding the implementation of the CMH adjuster program

(2) All CMH boards receiving funds appropriated in section 101 through department approved board contract spending plans may also use the CMH adjuster funds provided they are used in conformance with the approved spending plan CMH adjuster funds do not require local or state match dollars and may be carried forward for 1 year

Sec 523 Unexpended and unencumbered amounts and accompanying expenditure authorization up to \$7 127 600 00 remaining on September 30 1995 from the amount appropriated in section 101 for community demand beds may be carried forward for 2 fiscal years as a work project The purpose of this work project is to respond to community demand by providing community residential and alternative services to individuals with developmental disabilities through community mental health boards The expected completion date is September 30 1997

Sec 524 From the funds appropriated in section 101 each county community mental health board shall subject to section 208 of the mental health code Act No 258 of the Public Acts of 1974 being section 330 1208 of the Michigan Compiled Laws provide services to children and families who are currently receiving services from child welfare workers of the department of social services and who are in need of mental health services Each community mental health board shall work with each local social services department to establish mechanisms for expedited service referrals and coordination of service provision It is the intent of the legislature that by working cooperatively with the department of social services the community mental health programs will enhance the ability of the department of social services to assist families to become functional and to avoid out of home placement of children where possible and appropriate Information shall be shared between the community mental health board and the local department of social services to the degree allowed under the mental health code

COMMUNITY RESIDENTIAL SERVICES

Sec 601 The funds appropriated in section 101 for community residential services programs may be used for basic care in cases where individuals are not eligible to receive social security benefits and are not otherwise capable of supporting themselves out of their own resources Funds may be used for aftercare services or to prevent admissions to state hospitals and centers through residential and support services Expenditures and allocations may be authorized for community mental health boards and state hospitals centers and placement agencies

Sec 602 (1) The department shall develop uniform standards and policies regarding the financing and procurement of furnishings and equipment for residential programs Any furnishings and equipment purchased with state funds shall be inventoried as state property If the full amount of the funds advanced for purchase of the furnishings and equipment are not used for that purpose the excess funds shall be returned to the department

(2) Funds appropriated in section 101 shall be used to provide alternative residential services coordination and information for management oversight of home development and residential services activities conducted by the department and by community mental health boards The department shall oversee the development and implementation of policies and procedures to be used by the department and community mental health boards as part of the process of development of community based specialized residential facilities

(3) The department shall monitor group home lease agreements to ensure that state payment is reasonable. It is the intent of the legislature that after October 1, 1989, the rate of return to an investor (lessor) shall not exceed 9% of cash equity based on a fair market appraisal for community living facility (CLF) existing structure new/never before negotiated state leases. In no event shall the amount of return exceed \$3,000.00 per year, exclusive of operating and maintenance expenses. Structural warranties and mechanical items shall be the responsibility of the lessor. The alternative intermediate services (AIS) program will continue to operate under current guidelines.

(4) Funds appropriated in section 101 for residential services shall not be used for a new placement unless the department has obtained before the placement a written plan for residential placement and aftercare services which is sufficient to meet the needs of the individual. The development of a plan shall involve the department of social services, appropriate state mental health institutional staff, and appropriate community mental health boards' staff in prerelease planning and approval of the plan.

(5) Placement of a developmentally disabled person from a state center for the developmentally disabled shall not occur unless the care to be received in the community setting will be at least as good as the care being received in the institution. The need of an individual for close supervision for medical reasons and for readily available medical backup 24 hours per day shall be considered in determining the quality of care. In the case of an individual with close family relationships, the placement shall not diminish family access to the individual.

(6) Funds appropriated in section 101 for the executive program shall be used for the development of a centralized system for monitoring the release and the placement of patients and residents from state institutions into community or other institutional settings, including returns to the patients' or residents' homes, and monitoring the provision of all aftercare and follow-up services by an agency providing those services in accordance with standards of the department for a period of not less than 1 year.

(7) The funds appropriated in section 101 for residential services programs may be used to maintain and improve residential and support services, aftercare programs, and residential and support services designed to prevent admissions to state facilities. Expenditures and allocations may be authorized for CMH boards, state facilities, or both for the purposes described in this section.

Sec. 603 Funds appropriated in section 101 for OBRA implementation shall be used to fund preadmission screening and annual resident reviews of nursing home residents with mental illness or developmental disability and to fund special nursing home costs, alternative community residential and support services for individuals inappropriately placed in nursing homes, and associated administrative costs.

Sec. 604 Funds appropriated in section 101 for residential services may be used to make payments to the state housing development authority for in-home support services assumed by the state housing development authority through agreement with the department.

Sec. 605 The department of mental health shall pay the same rate for all department contracted child caring institutions and child placing agencies as established by the department of social services, office of children and youth services. If community residential services funding is insufficient for this purpose, then the department of management and budget in conjunction with the department of mental health shall report this information to the senate and house appropriations subcommittees on mental health along with recommendations for complying with this section.

Sec. 606 The department shall not enter into new contracts with private attorneys for legal services for the purposes of gaining and maintaining occupancy to a specialized residential facility. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, Act No. 258 of the Public Acts of 1974, being section 330.1931 of the Michigan Compiled Laws, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a specialized residential facility which is under lease or contract with the department or a community mental health board to provide services to persons with mental illness or developmental disability. State funds shall not be used for legal services to represent private investors purchasing homes for these purposes.

Sec. 607 It is the intent of the legislature that the department of mental health in conjunction with the office of the auditor general develop uniform audit requirements for all community residential provider contracts. These audit requirements shall be implemented in fiscal year 1994-95 by the department of mental health and by community mental health boards for residential services contracts.

Sec. 608 The department of social services, the department of public health, and the department of mental health shall engage in collaborative planning to identify both duplication of effort and gaps in home reviews and propose improvements to enhance efficiency and the protection of vulnerable persons. A report shall be provided to the legislature by December 31, 1994.

Sec. 609 It is the intent of the legislature that the department of mental health in cooperation with the department of social services conduct an analysis of current representative payee and guardianship arrangements for vulnerable

persons in dependent living arrangements Problems with current arrangements and identification of the need for the expansion of nonprofit guardian type programs or other improvements to protect individuals should be specified A report shall be provided to the legislature by December 31 1994

Sec 610 The department shall take steps to ensure that the administrative costs of purchase of service residential contracts do not exceed previous levels The department shall report information about administrative and other provider costs to the legislature annually

INSTITUTIONAL SERVICES, HOSPITALS, AND REGIONAL CENTERS

Sec 701 The shift of funds to any county for inpatient care and alternative programs pursuant to section 116 of the mental health code Act No 258 of the Public Acts of 1974 being section 330 1116 of the Michigan Compiled Laws shall not alter the relationship existing on the effective date of this act between Hawthorn center and services provided to residents of this state The director of the department shall notify the legislature of any violations of this section

Sec 702 Funds appropriated in section 101 for facilities for the mentally ill and developmentally disabled are intended to maintain direct care staffing levels phased toward staffing needs assessment project standards for facilities for mentally ill adults developmentally disabled persons and mentally ill children

Sec 703 The operation and maintenance of the power plant at the Kalamazoo state hospital shall be financed from charges to the appropriations to the Kalamazoo state hospital and Western Michigan University which charges shall be based upon the cost of the power plant and upon the usage of heat and electrical power by the hospital and the university

Sec 704 In addition to the amounts appropriated in section 101 revenues from the sale of sheltered workshop services and products are appropriated to be expended for supplies equipment and other costs associated with the maintenance of the sheltered workshop program excluding costs of compensating state classified employees The unspent balance on the last day of the fiscal year ending September 30 1995 shall be carried forward into the subsequent fiscal year The funds carried forward shall be used for supplies equipment and other costs associated with maintaining sheltered workshop programs excluding the costs of compensating state classified employees The total estimated cost of the program is \$1 250 000 00 and specific project expenditures are to be completed by September 30 1996

Sec 705 Funds appropriated in section 101 for gifts and bequests include pay telephone revenues and are intended to be allocated for patient living unit furnishings recreational and vocational materials and supplies

Sec 706 (1) In addition to the amounts appropriated in section 101 revenues received during fiscal year 1994 95 from the sale or rental of land supplies equipment or other property under the jurisdiction of the department of mental health during fiscal year 1994 95 or during any fiscal year before fiscal year 1994 95 to a nonstate agency or department because it is no longer needed at a state facility because of the facility's closure are appropriated to be expended to enhance and expand community based services The funds shall be expended in the catchment area that was served by the facility prior to its closure The unspent balance on the last day of the fiscal year ending September 30 1995 shall be carried forward into the subsequent fiscal years

(2) All land supplies equipment or other property under the jurisdiction of the department of mental health that is not needed for present or future use by the department of mental health and that is not sold or transferred during fiscal year 1994 95 to another state agency or department for its use shall be sold at not less than fair market value

Sec 707 (1) The department shall not implement any further closures or consolidations of state inpatient facilities for the mentally ill and developmentally disabled until sufficient time has elapsed to allow for community mental health boards to have programs and services in place for those persons currently in those facilities and those persons who would have gone to those facilities in the near future

(2) All closures or consolidations of state inpatient facilities for the mentally ill and developmentally disabled are dependent upon adequate and approved community mental health board plans for alternative programs and actual services available for those persons currently in those facilities and those persons who would have otherwise been admitted to those facilities

(3) Not later than 6 months before the date on which the department begins to implement a plan to close or consolidate a state inpatient mental health facility the department shall submit a report to the house and senate appropriations subcommittees on mental health and the department of management and budget The report shall contain both of the following

(a) A management plan for each patient to be discharged from the facility The report shall protect the confidentiality of each patient

(b) A certification by the CMH board responsible for providing mental health services to each patient described in subdivision (a) that the mental health services prescribed in the patient s management plan will be provided by or through that CMH board s CMH program

(4) Upon the closure of state run operations for persons with developmental disabilities or a regional psychiatric hospital and after transitional costs have been paid the remaining balance of funds appropriated for that operation or hospital shall be transferred to community mental health boards responsible for providing services for persons previously served by the opeiations or hospital

Sec 708 A state mental health facility shall not be closed during fiscal year 1994 95 until 80% of the patient population of that facility on the date of closure announcement will obtain a community residential placement prior to its closure

Sec 709 It is the intent of the legislature that transfers of patients from 1 state mental health facility to another state mental health facihty shall not occur more than once in a calendar year for consolidations and/or closure purposes The legislature does not support a policy of transinstitutionalization

Sec 710 From funds appropriated for worker s compensation the department may make payments in lieu of worker s compensation payments for wage/salary and related fringe benefits for employees who return to work under limited duty assignments Employees returning to work under limited duty assignments and who are funded under this subsection will be in addition to the facility s existing staffing authorization

Sec 711 In addition to expending funds appropriated in section 101 for state psychiatric hospitals and residential services the department is authorized contingent upon the approval of the department of management and budget to do both of the following

(a) Expend restricted funds earned above revenue appropriated for community mental health purchase of state services contracts first and third party revenues or title XIX revenues excluding medicaid disproportionate share payment revenue

(b) Make interdepartmental transfers to the department of social services equal to any medicaid disproportionate share payments received by the hospitals

Sec 712 From the funds appropriated in section 101 for closed site and related costs the department shall maintain basic physical plant requirements including but not limited to heat at Newberry Regional Mental Health Center and Muskegon Regional Center for the developmentally disabled

This act is ordered to take immediate effect

Secretary of the Senate

Co Clerk of the House of Representatives

Approved

Governor