



HOUSE BILL No. 5261

EXECUTIVE BUDGET BILL

December 23, 1993, Introduced by Reps. Allen, McBryde, Bobier, Oxender and Gilmer and referred to the Committee on Appropriations.

A bill to make appropriations for the department of mental health and certain state purposes related to mental hygiene 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 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:

1 Sec. 101. There is appropriated for the department of mental
2 health for the fiscal year ending September 30, 1995, from the funds
3 identified as follows:

4 DEPARTMENT OF MENTAL HEALTH

1 APPROPRIATIONS SUMMARY:

| | | |
|----|--|-----------------|
| 2 | Full-time equated unclassified positions . . . | 6.0 |
| 3 | Full-time equated classified positions . | 6,484.2 |
| 4 | GROSS APPROPRIATION | \$1,503,507,500 |
| 5 | Interdepartmental grant revenue: | |
| 6 | IDG-department of corrections | 53,063,100 |
| 7 | IDG-department of social services | 95,000 |
| 8 | Total interdepartmental grants and | |
| 9 | intradepartmental transfers | 53,158,100 |
| 10 | ADJUSTED GROSS APPROPRIATION | \$1,450,349,400 |
| 11 | Federal revenues: | |
| 12 | Federal revenue, additional acquired | 2,500,000 |
| 13 | HHS-HCFA, title XIX | 341,579,700 |
| 14 | Federal consumer support project | 92,500 |
| 15 | Federal-Omnibus reconciliation act, title XIX, | |
| 16 | medicaid | 16,037,400 |
| 17 | DED-OESE, educationally deprived children, state | |
| 18 | administration-title I | 149,800 |
| 19 | HHS-OASH | 9,807,800 |
| 20 | Federal-special education | 30,000 |
| 21 | HHS-OHDS, developmental disabilities, basic | |
| 22 | support and advocacy grants | 2,345,000 |
| 23 | DAG-FNS, national school lunch program | 388,700 |
| 24 | Stuart B. McKinney homeless assistance act | |
| 25 | (title IV) | 829,400 |
| 26 | Federal-initiative for older persons | 632,000 |
| 27 | Federal-public domain oil/gas royalty | 700,000 |
| 28 | Total federal revenues | 375,994,900 |
| 29 | Special revenue funds: | |

| | | |
|----|--|-----------------|
| 1 | Local-special education revenue | 1,264,100 |
| 2 | Local-county match revenues | 28,137,200 |
| 3 | Total local revenues | 29,401,300 |
| 4 | Private-gifts and bequests revenues | 2,000,000 |
| 5 | Total private revenues | 2,000,000 |
| 6 | Lease/rental revenue | 32,100 |
| 7 | Act 423 recipient fees and third-party | |
| 8 | reimbursements | 7,500,000 |
| 9 | 1st/3rd party revenues | 23,873,300 |
| 10 | Miscellaneous revenue | 200,000 |
| 11 | Sheltered workshop revenue | 100,000 |
| 12 | Tuition/stipend reimbursement | 33,600 |
| 13 | Total other state restricted revenues | 31,739,000 |
| 14 | State general fund/general purpose | \$1,011,214,200 |
| 15 | EXECUTIVE PROGRAM | |
| 16 | Full-time equated unclassified positions . . . 6.0 | |
| 17 | Full-time equated classified positions . . . 367.0 | |
| 18 | Citizens' mental health advisory councils . . . \$ | 43,900 |
| 19 | Director--1.0 FTE position | 87,300 |
| 20 | Deputy directors and executive assistants--5.0 FTE | |
| 21 | positions | 243,200 |
| 22 | Departmental administration and management--367.0 | |
| 23 | FTE positions | 28,219,600 |
| 24 | Revenue recapture | 750,000 |
| 25 | Direct care staff training | <u>62,800</u> |
| 26 | GROSS APPROPRIATION | \$ 29,406,800 |
| 27 | Appropriated from: | |
| 28 | Federal revenues: | |
| 29 | HHS-HCFA, title XIX, medicaid | 1,349,500 |

| | | |
|----|---|----------------|
| 1 | Federal-special education | 30,000 |
| 2 | Special revenue funds: | |
| 3 | 1st/3rd party revenues | 375,000 |
| 4 | Miscellaneous revenue | 135,000 |
| 5 | Tuition/stipend reimbursement | 33,600 |
| 6 | State general fund/general purpose | \$ 27,483,700 |
| 7 | FEDERAL AND PRIVATELY FUNDED PROJECTS | |
| 8 | Full-time equated positions 14.0 | |
| 9 | Developmental disabilities council and projects | |
| 10 | 12.0 FTE positions | \$ 2,345,000 |
| 11 | Central fund for acquiring additional federal | |
| 12 | and private funds | 2,500,000 |
| 13 | Gifts and bequests for patient living and | |
| 14 | treatment environment | 2,000,000 |
| 15 | Homelessness formula grant program--2.0 FTE | |
| 16 | positions | 1,463,700 |
| 17 | DED-OESE, ECIA-title I | <u>149,800</u> |
| 18 | GROSS APPROPRIATION | \$ 8,458,500 |
| 19 | Appropriated from: | |
| 20 | Federal revenues: | |
| 21 | HHS-OHDS, developmental disabilities, basic support | |
| 22 | and advocacy grants | 2,345,000 |
| 23 | DED-OESE, educationally deprived children, state | |
| 24 | administration-title I | 149,800 |
| 25 | Homelessness formula grant program, (P.L.101-646, | |
| 26 | title V) | 829,400 |
| 27 | Federal and private revenues, additional acquired | 2,500,000 |
| 28 | Special Revenues: | |
| 29 | Private-gifts and bequests | 2,000,000 |

| | | | |
|----|--|------|------------------|
| 1 | State general fund/general purpose | \$ | 634,300 |
| 2 | FAMILY AND CONSUMER SUPPORT SERVICES | | |
| 3 | Full-time equated positions | 2.0 | |
| 4 | Family support subsidy | \$ | 11,727,300 |
| 5 | Dental program for persons with developmental | | |
| 6 | disabilities | | 51,000 |
| 7 | Pilot projects in prevention for adults and | | |
| 8 | children--2.0 FTE positions | | 1,513,800 |
| 9 | Consumer involvement program | | 218,100 |
| 10 | Mental health initiatives for older persons . . | | 1,062,500 |
| 11 | Protection and advocacy services for persons with | | |
| 12 | mental illness | | 356,400 |
| 13 | Protection and advocacy services for persons | | |
| 14 | with developmental disabilities | | 461,900 |
| 15 | Communities first pilot projects | | 95,000 |
| 16 | Foster grandparent and senior companion | | |
| 17 | program | | <u>1,872,400</u> |
| 18 | GROSS APPROPRIATION | \$ | 17,358,400 |
| 19 | Appropriated from: | | |
| 20 | Interdepartmental grant revenue: | | |
| 21 | IDG-department of social services | | 95,000 |
| 22 | Federal revenues: | | |
| 23 | Federal-consumer support project | | 92,500 |
| 24 | Federal-initiatives for older persons | | 632,000 |
| 25 | State general fund/general purpose | \$ | 16,538,900 |
| 26 | COMMUNITY MENTAL HEALTH PROGRAMS | | |
| 27 | Full-time equated classified positions | 15.0 | |
| 28 | Community mental health operations | \$ | 734,414,800 |
| 29 | Support for expanded CMH services financed through | | |

| | | |
|----|--|------------------|
| 1 | reduced utilization of state facilities . . . | 23,200,000 |
| 2 | CMH-purchase of state services contracts | 340,260,000 |
| 3 | CMH-critical needs services | 5,384,700 |
| 4 | Community demand beds | 7,127,600 |
| 5 | Multicultural and special needs projects | 3,010,000 |
| 6 | Omnibus reconciliation act implementation--13.0 | |
| 7 | FTE positions | 31,371,900 |
| 8 | Federal mental health block grant--2.0 FTE | |
| 9 | positions | 9,807,800 |
| 10 | CMH-Act 423 fund | <u>7,500,000</u> |
| 11 | GROSS APPROPRIATION | \$1,162,076,800 |
| 12 | Appropriated from: | |
| 13 | Federal revenues: | |
| 14 | HHS-HCFA, title XIX, medicaid | 229,873,900 |
| 15 | Omnibus reconciliation act - title XIX, | |
| 16 | medicaid | 16,037,400 |
| 17 | HHS-OASH mental health block grant | 9,807,800 |
| 18 | Special revenue funds: | |
| 19 | Act 423 recipient fees and third party | |
| 20 | reimbursements | 7,500,000 |
| 21 | State general fund/general purpose | \$ 898,857,700 |
| 22 | COMMUNITY RESIDENTIAL SERVICES | |
| 23 | Full-time equated classified positions . . . 423.0 | |
| 24 | Community residential and support services for | |
| 25 | children with mental illness--6.0 FTE | |
| 26 | positions | \$ 4,449,600 |
| 27 | Community residential and support services for | |
| 28 | adults with mental illness--38.0 FTE | |
| 29 | positions | 8,958,300 |

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|----|--|----------------------|
| 1 | Community residential and support services for | |
| 2 | persons with developmental disabilities--369.0 | |
| 3 | FTE positions | 206,452,000 |
| 4 | Community alternatives for state regional | |
| 5 | centers | 5,150,400 |
| 6 | DMB real estate services | 272,700 |
| 7 | Macomb-Oakland site cost--10.0 FTE positions . . | 818,600 |
| 8 | Department of social services, SSI advocacy | |
| 9 | for mental health | 416,100 |
| 10 | CMH-purchase of state service contracts | <u>(128,881,500)</u> |
| 11 | GROSS APPROPRIATION | \$ 97,636,200 |
| 12 | Appropriated from: | |
| 13 | Federal revenues: | |
| 14 | HHS-HCFA, title XIX, medicaid | 75,585,000 |
| 15 | Public domain oil and gas royalties | 700,000 |
| 16 | Special revenue funds: | |
| 17 | Local county match revenues | 10,933,400 |
| 18 | 1st/3rd party revenues | 3,760,000 |
| 19 | State general fund/general purpose | \$ 6,657,800 |
| 20 | INSTITUTIONAL SERVICES | |
| 21 | Full-time equated classified positions | 19.0 |
| 22 | Worker's compensation program--1.0 FTE | |
| 23 | position | \$ 12,277,500 |
| 24 | Psychiatric residency program | 3,935,100 |
| 25 | Early retirement year 4 | 853,200 |
| 26 | Purchase of medical services for residents of | |
| 27 | hospitals and centers | 4,013,700 |
| 28 | Maintenance of property being leased or rented . | 95,000 |
| 29 | Equipment | 1,948,000 |

| | | |
|----|--|------------------|
| 1 | Special maintenance | 359,200 |
| 2 | Compensation for working patients | 510,600 |
| 3 | Closed site and related costs--18.0 FTE | |
| 4 | positions | 1,656,500 |
| 5 | Displaced worker assistance projects | 55,000 |
| 6 | Severance pay | <u>3,678,000</u> |
| 7 | GROSS APPROPRIATION | \$ 29,381,800 |
| 8 | Appropriated from: | |
| 9 | Special revenue funds: | |
| 10 | Lease/rental revenue | 32,100 |
| 11 | State general fund/general purpose | \$ 29,349,700 |
| 12 | STATE PSYCHIATRIC HOSPITALS | |
| 13 | Total average population | 1,612.0 |
| 14 | Total full-time equated classified | |
| 15 | positions | 3,117.8 |
| 16 | Caro regional mental health center-psychiatric | |
| 17 | services unit--267.2 FTE positions | \$ 14,829,000 |
| 18 | Average population | 119.0 |
| 19 | Clinton Valley center--630.1 FTE positions | 41,474,000 |
| 20 | Average population | 348.0 |
| 21 | Detroit psychiatric institute--257.9 FTE | |
| 22 | positions | 18,822,300 |
| 23 | Average population | 129.0 |
| 24 | Kalamazoo regional psychiatric hospital--536.9 | |
| 25 | FTE positions | 33,923,100 |
| 26 | Average population | 261.0 |
| 27 | Northville regional psychiatric hospital--1,035.3 | |
| 28 | FTE positions | 67,664,100 |
| 29 | Average population | 533.0 |

| | | |
|----|--|----------------------|
| 1 | Walter P. Reuther psychiatric hospital--390.4 FTE | |
| 2 | positions | 25,879,200 |
| 3 | Average population | 222.0 |
| 4 | CMH--purchase of state services contracts | <u>(165,099,700)</u> |
| 5 | GROSS APPROPRIATION | \$ 37,492,000 |
| 6 | Appropriated from: | |
| 7 | Federal revenues: | |
| 8 | National school lunch program | 167,600 |
| 9 | HHS-HCFA, title XIX, medicaid | 6,863,800 |
| 10 | Special revenue funds: | |
| 11 | Local county match revenues | 13,907,400 |
| 12 | Local special education school aid | 230,800 |
| 13 | Miscellaneous revenues | 30,000 |
| 14 | Sheltered workshop revenue | 100,000 |
| 15 | 1st/3rd party revenues | 16,192,400 |
| 16 | State general fund/general purpose | \$ 0 |
| 17 | STATE PSYCHIATRIC HOSPITALS FOR CHILDREN AND ADOLESCENTS | |
| 18 | Total average population | 251.0 |
| 19 | Total full-time equated classified positions | 627.5 |
| 20 | Detroit psychiatric institute-children's | |
| 21 | program--19.9 FTE positions | \$ 1,222,000 |
| 22 | Average population | 12.0 |
| 23 | Fairlawn center--307.0 FTE positions | 18,637,700 |
| 24 | Average population | 123.0 |
| 25 | Hawthorn center--260.2 FTE positions | 17,026,700 |
| 26 | Average population | 100.0 |
| 27 | Pheasant Ridge children's program at Kalamazoo regional | |
| 28 | psychiatric hospital--40.4 FTE positions | 3,040,300 |
| 29 | Average population | 16.0 |

| | | |
|----|---|---------------------|
| 1 | CMH-purchase of state services contracts | <u>(26,667,300)</u> |
| 2 | GROSS APPROPRIATION | \$ 13,259,400 |
| 3 | Appropriated from: | |
| 4 | Federal revenues: | |
| 5 | HHS/HCFA, title XIX, medicaid | 8,128,900 |
| 6 | DAG-FNS, national school lunch program | 192,800 |
| 7 | Special revenue funds: | |
| 8 | Local-special education school aid | 1,033,300 |
| 9 | Local-county match revenues | 1,601,000 |
| 10 | Miscellaneous revenue | 14,000 |
| 11 | 1st/3rd party revenues | 2,289,400 |
| 12 | State general fund/general purpose | \$ 0 |
| 13 | STATE CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES | |
| 14 | Total average population | 374.0 |
| 15 | Total full-time equated classified | |
| 16 | positions | 705.9 |
| 17 | Caro regional mental health center-developmental | |
| 18 | services unit--201.2 FTE positions | \$ 12,647,100 |
| 19 | Average population | 115.0 |
| 20 | Mount Pleasant center--264.1 FTE positions | 15,865,400 |
| 21 | Average population | 132.0 |
| 22 | Southgate regional center--332.6 FTE positions | 19,931,800 |
| 23 | Average population | 174.0 |
| 24 | Census reduction savings in state centers-- | |
| 25 | (92.0 FTE positions) | (5,150,400) |
| 26 | Average population | (47.0) |
| 27 | CMH-purchase of state services contracts | <u>(19,611,500)</u> |
| 28 | GROSS APPROPRIATION | \$ 23,682,400 |
| 29 | Appropriated from: | |

1 Federal revenues:

2 National school lunch program 28,300

3 HHS-HCFA, title XIX, medicaid 20,681,200

4 Special revenue funds:

5 Local-county match revenues 1,695,400

6 1st/3rd party revenues 1,256,500

7 Miscellaneous revenue 21,000

8 State general fund/general purpose \$ 0

9 FORENSIC AND PRISON MENTAL HEALTH SERVICES

10 Total average population 210.0

11 Full-time equated position 1,193.0

12 Center for forensic psychiatry--439.8 FTE

13 positions \$ 29,044,000

14 Average population. 210.0

15 Center for forensic psychiatry--outpatient

16 evaluation--40.0 FTE positions 2,648,100

17 Inpatient, outpatient and residential services--

18 713.2 FTE positions 53,063,100

19 GROSS APPROPRIATION \$ 84,755,200

20 Appropriated from:

21 Interdepartmental grant revenue:

22 IDG-department of corrections 53,063,100

23 State general fund/general purpose \$ 31,692,100

24 GENERAL SECTIONS

25 Sec. 201. (1) In accordance with the provisions of section 30 of
 26 article IX of the state constitution of 1963, total state spending in
 27 this bill is \$1,0420,953,200 and state spending to units of local
 28 government is as follows:

29 Department of Mental Health

| | | |
|----|--|-------------------|
| 1 | Community mental health programs | \$ 508,328,200 |
| 2 | Community mental health grant fund | 7,500,000 |
| 3 | Community demand beds | 5,225,000 |
| 4 | CMH critical needs services | 3,500,000 |
| 5 | Family support subsidies | 11,727,300 |
| 6 | Communities first pilot projects | 95,000 |
| 7 | Foster grandparents and senior companions . . | 1,872,400 |
| 8 | Prevention projects | 1,513,800 |
| 9 | Homelessness formula grant program state match | 634,300 |
| 10 | Multicultural special needs project | 3,010,000 |
| 11 | Consumer involvement program | 125,600 |
| 12 | Omnibus reconciliation act implementation . . | 14,032,200 |
| 13 | Community alternatives for state regional | |
| 14 | centers | 5,150,400 |
| 15 | Community residential and support services . . | 35,854,300 |
| 16 | Expanded CMH services/reduced state facility | |
| 17 | utilization | <u>23,200,000</u> |
| 18 | Total | \$ 621,768,500 |

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

25 Sec. 202. The appropriations made and the expenditures authorized
26 under this act and the departments, agencies, commissions, boards,
27 offices, and programs for which an appropriation is made under this act
28 are subject to the management and budget act, Act No. 431 of the Public
29 Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan

1 Compiled Laws.

2 Sec. 203. The amounts appropriated for utilities and that portion
3 of contractual services, supplies, and materials used to pay for
4 utility service to state facilities in section 101 may be expended in a
5 manner consistent with the provisions of section 253 of the management
6 and budget act, Act 431 of the Public Acts of 1984, being section
7 18.1253 of the Michigan Compiled Laws.

8 Sec. 204. As used in this act:

9 (a) "ADAMHA" means the United States department of health and
10 human services, alcohol, drug abuse, and mental health administration.

11 (b) "ADP" means automated data processing.

12 (c) "CMH" means community mental health.

13 (d) "CMH-Act 423 fund" means the fund provided for under Act No.
14 423 of the Public Acts of 1980, being section 330.1310 of the Michigan
15 Compiled Laws.

16 (e) "DAG-FNS" means the United States department of agriculture,
17 food and nutrition services.

18 (f) "DED-OESE" means the United States department of education,
19 office of elementary and secondary education.

20 (g) "DED-OESE (ECIA)" means the education consolidation and
21 improvement act.

22 (h) "Department" means the department of mental health.

23 (i) "DMH Act" means the management and budget act, Act No. 431 of
24 the Public Acts of 1984.

25 (j) "FTE" means full-time equated.

26 (k) "HHS" means the United States department of health and human
27 services.

28 (l) "HHS-HCFA" means the health care financing administration.

29 (m) "HHS-OASH" means the office of the assistant secretary for

1 health.

2 (n) "HHS-OHDS" means the office of human development services.

3 (o) "ICF/MR" means intermediate care facility for the mentally
4 retarded.

5 (p) "IDG" means interdepartmental grant.

6 (q) "IDT" means intradepartmental transfer.

7 (r) "OBRA" means the Federal Omnibus Budget Reconciliation Act of
8 1987.

9 (s) "SSI" means supplemental security income.

10 (t) "Title XIX" means title XIX of the social security act,
11 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396g,
12 and 1396i to 1396s.

13 (u) "Title XX" means title XX of the social security act, chapter
14 531, 49 Stat. 620, 42 U.S.C. 1397 to 1397e.

15 Sec. 205. Each April 15, the department shall provide a report
16 to the department of management and budget, chairpersons of the senate
17 and house appropriation's committees, the senate fiscal agency, the
18 house fiscal agency, and the legislative auditor general. The report
19 shall contain:

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

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

25 Sec. 206. (1) Beginning October 1, 1994, there shall be a hiring
26 freeze imposed on the state classified civil service. State
27 departments and agencies shall be prohibited from hiring any new full-
28 time state classified civil service employees and prohibited from
29 filling any vacant state classified civil service positions. This

1 hiring freeze does not apply to internal transfers from one position to
2 another within a department or to positions that are funded 80% or more
3 from federal or restricted funds.

4 (2) The director of the department of management and budget shall
5 grant exceptions to this hiring freeze when the director believes that
6 such a hiring freeze will result in rendering a state department or
7 agency unable to deliver basic services. The director of the
8 department of management and budget shall report by the fifteenth of
9 each month to the chairpersons of the senate and house appropriations
10 committees the number of exclusions to the hiring freeze approved
11 during the previous month and the reasons to justify the exclusion.

12 Sec. 207. In addition to the funds appropriated in section 101,
13 there is hereby appropriated such federal, local, or private funds as
14 the department may be eligible to receive up to a total of
15 \$20,000,000.00. These funds shall not be available for expenditure
16 unless transferred to a line item in this act in compliance with the
17 applicable provisions of section 393 of the management and budget act,
18 Act 431 of the Public Acts of 1984, being section 18.1393 of the
19 Michigan Compiled Laws.

20 Sec. 208. From the funds appropriated in Section 101, the
21 department may make grants in support of the Michigan neighborhood
22 partnership to non-profit organizations for purposes consistent with
23 the purposes of the line-item appropriation from which the grant is
24 made. The total of such grants made by the department may not exceed
25 \$50,000.00.

26 **EXECUTIVE PROGRAM**

27 Sec. 301. Funds appropriated in section 101 from the central fund
28 for acquiring additional federal and private funds shall not be
29 expended until the grant money is actually authorized by the grantor.

1 Funds accepted under this section shall not be authorized if the
2 receipt of the funds mandates a commitment for state funding at a
3 future date.

4 Sec. 302. The department shall continue a revenue recapture
5 project to generate additional revenues from third parties related to
6 cases which have been closed or are inactive. Revenues collected
7 through project efforts are appropriated to the department for
8 departmental costs and contractual fees associated with these
9 retroactive collections and to improve ongoing departmental
10 reimbursement management functions so that the need for retroactive
11 collections will be reduced or eliminated.

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

17 Sec. 304. Funds appropriated in section 101 for the mental health
18 advisory council may be used for member per diems of \$50.00 and other
19 council expenditures. Funds may also be used for the expenses of the
20 state mental health advisory council on deafness and other expenses for
21 councils established by the mental health code.

22 Sec. 305. Unexpended and unencumbered amounts and accompanying
23 expenditure authorizations remaining on September 30, 1995 from the
24 amounts appropriated in section 101 for gifts and bequests for patient
25 living and treatment environments shall be carried forward for 1 fiscal
26 year. The purpose of gifts and bequests for patient living and
27 treatment environments is to use additional private funds to provide
28 specific enhancements for individuals residing at state operated
29 facilities. The gifts and bequests will be used consistent with the

1 stipulation of the donor with the total estimated expenditure of
2 \$2,000,000.00. The expected completion date for the use of gifts and
3 bequests donations is within 1 year unless otherwise stipulated by the
4 donor.

5 Sec. 306. Revenues appropriated in section 101 as audit
6 exception/cost settlement revenues are revenues recovered by all
7 methods from department contract audit settlements and contract cost
8 settlements of prior fiscal years.

9 Sec. 307. The department shall provide quarterly reports
10 concerning the department's revenue and expenditure status to the
11 senate and house appropriation's subcommittees on mental health, the
12 senate fiscal agency, the house fiscal agency, and the department of
13 management and budget.

14 Sec. 308. The specific amounts indicated in section 101 of this
15 act as restricted revenue for financing appropriations from first and
16 third parties, HCFA Title XIX, audit exception/cost settlements, CMH -
17 purchase of state service contracts and county revenues are estimates
18 of the proportion of the total amounts expected to be collected, and
19 the department may satisfy any individual restricted revenue deduct
20 amount from the total revenues of all of those revenue sources. A
21 report will be provided to the legislative fiscal agencies and
22 department of management and budget on actual collections by revenue
23 source for each appropriation unit for the previous fiscal year by
24 April 15.

25 Sec. 309. The funds appropriated in section 101 for prisoner
26 mental health services are for the assumption of responsibilities for
27 prisoner mental health in accordance with the interdepartmental plan
28 developed in cooperation with the department of corrections. The
29 department is authorized to receive and expend funds from the

1 department of corrections in addition to the appropriations in section
2 101 to fulfill the obligations outlined in the interdepartmental
3 agreement.

4 Sec. 310. (1) With the approval of the department of management
5 and budget and senate and house appropriations subcommittees on mental
6 health, the director of the department may establish a discretionary
7 fund not to exceed 5% of the sum of the amounts of funds appropriated
8 in section 101 for the operation and support of executive programs,
9 community mental health, institutional operations, residential
10 services, and community mental health medicaid revenues.

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

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

26 **COMMUNITY MENTAL HEALTH**

27 Sec. 401. (1) Funds allocated in section 101 for community mental
28 health operations include the continuation of transportation services,
29 funded 100% with state funds and include title XX transition grants.

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

10 (3) When federal or state revisions occur in Medicaid programs,
11 services, or eligibility which reduce current community mental health
12 reimbursement, the department shall, in conjunction with the department
13 of management and budget, determine the fiscal and program implications
14 and make recommendations to the senate and house appropriation's
15 committees.

16 Sec. 402 (1) Funds appropriated in section 101 are intended to
17 support a system of comprehensive community mental health services
18 under the full authority and responsibility of local county community
19 mental health boards. The department shall ensure that each board
20 provides the following:

21 (a) A system of single entry and single exit.

22 (b) A comprehensive range of services which include prevention
23 and which may include state provided acute and long term care.

24 (c) The coordination of service provision including contractual
25 relationships with state psychiatric hospitals and regional centers.

26 (d) Individualized plans of service sufficient to meet the needs
27 of persons including those discharged from psychiatric hospitals or
28 regional centers and which ensure that the full range of recipient
29 needs is provided either through the board's program or through

1 assistance in locating and obtaining a service.

2 (e) A system of case management to monitor and assure the
3 provision of services consistent with the individualized plan of
4 service.

5 (2) The department shall, with the involvement of representatives
6 of various components of the community mental health system, advocacy,
7 and consumer groups, annually report to the legislature on the legal,
8 fiscal, and other issues affecting the long term viability and
9 stability of the community mental health system.

10 Sec. 403. (1) The funds appropriated in section 101 for purchase
11 of state service contracts are for the purchase of state hospital and
12 center services, state administered community residential services, or
13 for approved community-based programs which reduce utilization of state
14 provided services below this appropriated level. These funds shall be
15 allocated to community mental health boards based on estimates approved
16 by the department as part of the negotiated contract.

17 (2) Funds which are allocated to community mental health boards,
18 when used to purchase state services, shall be provided to state
19 hospitals, centers, and placement agencies based on the per diem and
20 billing arrangements approved by the department in the negotiated
21 contract.

22 Sec. 404. The funds appropriated in this act for community mental
23 health programs shall not be used to replace funds no longer available
24 because the local government or community mental health board reduced
25 its base of support for state and local mental health services, as
26 defined in chapter 2 of the mental health code, Act No. 258 of the
27 Public Acts of 1974, being sections 330.1200 to 330.1246 of the
28 Michigan Compiled Laws, below that of the previous year.

29 Sec. 405. (1) From funds appropriated in section 101, final

1 authorizations to community mental health boards shall be made upon the
2 execution of a contract between the department and each community
3 mental health board. The contract shall contain an approved plan and
4 budget as well as the policies and procedures governing the obligations
5 and responsibilities of both parties to the contract.

6 (2) The department may advance to each community mental health
7 board an amount not to exceed 1/4 of their estimated total collections
8 from medicaid and may establish a separate accounts receivable for the
9 total of these amounts. Such advances shall be repaid in the same
10 fiscal year and before any advance is provided for a subsequent year.

11 Sec. 406. The funds appropriated in section 101 for community
12 mental health programs shall be allocated to community mental health
13 boards under a formal contract with the department. The spending
14 plans, authorizations, and allocations for each community mental health
15 board shall be determined by the department central office staff, in
16 cooperation with community mental health boards.

17 Sec. 407. (1) Funds appropriated in section 101 for community
18 mental health services may be reserved and carried forward into the
19 subsequent fiscal year by a county community mental health board as
20 part of the board's financial management plan under requests that are
21 consistent with the following provisions of section 451 of P.A. 431 of
22 1984, being section 18.1451(3) of the Michigan Compiled Laws:

- 23 (a) The purpose of the project to be carried forward.
- 24 (b) The methods that will be used to accomplish the project.
- 25 (c) The total estimated cost of the project.
- 26 (d) The tentative completion date of the project.

27 (2) Funding carried forward shall be limited to the differences
28 between the projected cost of community mental health services in the
29 subsequent fiscal year and the level of funding available, not to

1 exceed 5% of the total community based authorization. A statement of
2 intent to carryforward funds shall be submitted and approved by the
3 department by the end of the third quarter. This statement shall
4 identify the proposed uses of funds to be carried forward.

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

7 (a) Provisions of the contract between the department and county
8 community mental health boards regarding protection of categorical
9 funding shall not be altered.

10 (b) Funds may be carried forward only when the performance
11 commitments in the contract for the year from which funding will be
12 reserved are met.

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

16 (d) Funding carried forward and not used shall lapse to the state
17 general fund.

18 Sec. 408. The amount appropriated in section 101 for community
19 mental health services is intended for funding of community mental
20 health service boards in accordance with contracts between the
21 department and the boards for the current fiscal year. The department
22 shall establish such total payable and receivable amounts as may be
23 appropriate to represent the expected final state obligation for all
24 such contracts. After final review of the expenditure reports required
25 by the contracts, any amounts advanced to the board which are returned
26 to the department and any amounts paid to the boards in accordance with
27 the provisions of the contracts shall be considered to be adjustments
28 to the program expenditures for prior fiscal years. These prior year
29 transactions shall be recorded in a separate account established for

1 that purpose. Community mental health programs prior year revenue
2 recognized in the current fiscal year may be restricted to finance
3 related prior year expenditures not previously recorded.

4 Sec. 409. The funds appropriated in section 101 for expanding CMH
5 services through the reduced utilization of state facilities represent
6 savings resulting from census and state hospital/center reductions that
7 are transferred to community mental health. The appropriated amount of
8 \$23,200,000.00 is based upon anticipated full year cost savings at
9 state hospitals and centers.

10 Sec. 410. Each CMH board shall develop procedures to improve the
11 administration of service provider contracts.

12 Sec. 411. Each CMH board shall conduct record reviews and
13 retrospective reviews to meet the requirements of the quality assurance
14 plan.

15 Sec. 412. The department, in conjunction with each CMH board,
16 shall establish a system to monitor and evaluate mental health services
17 provided by each CMH board.

18 **COMMUNITY RESIDENTIAL SERVICES**

19 Sec. 501. The funds appropriated in section 101 for community
20 residential services programs may be used for basic care in cases where
21 individuals are not eligible to receive social security benefits and
22 are not otherwise capable of supporting themselves out of their own
23 resources. Funds may be used for aftercare services or to prevent
24 admissions to state hospitals and centers through residential and
25 support services. Expenditures and allocations may be authorized for
26 community mental health boards and state hospitals, centers, and
27 placement agencies.

28 Sec. 502. Funds appropriated in section 101 for OBRA
29 implementation shall be used to fund pre-admission screening and annual

1 resident reviews of nursing home residents with mental illness or
2 developmental disabilities, special nursing home costs, alternative
3 community residential and support services for persons inappropriately
4 placed in nursing homes and associated administrative costs.

5 Sec. 503. Funds appropriated in section 101 for residential
6 services may be used to make payments to the state housing development
7 authority for in-home support services assumed by the state housing
8 development authority through agreement with the department.

9 Sec. 504. The department shall not enter into new contracts with
10 private attorneys for legal services for the purposes of gaining and
11 maintaining occupancy to a specialized residential facility. The
12 department may enter into a contract with the protection and advocacy
13 service, authorized under section 931 of the mental health code, Act.
14 No. 258 of the Public Acts of 1974, being section 330.1931 of the
15 Michigan Compiled Laws, or a similar organization to provide legal
16 services for purposes of gaining and maintaining occupancy in a
17 specialized residential facility which is under lease of contract with
18 the department of a community mental health board to provide services
19 to developmentally disabled persons or mental health recipients. State
20 funds shall not be used for legal services to represent private
21 investors purchasing homes for these persons.

22 Sec. 505. It is the intent of the legislature that the department
23 of mental health in conjunction with the office of the auditor general
24 develop uniform audit requirements for all community residential
25 provider contracts. These audit requirements shall be implemented in
26 fiscal year 1994-95 by the department and by community mental health
27 boards for residential services contracts.

28 Sec. 506. The department of social services, the department of
29 public health, and the department of mental health shall engage in

1 collaborative planning to identify both duplication of effort and gaps
2 in home reviews and propose improvements to enhance efficiency and the
3 protection of vulnerable persons. A report shall be provided to the
4 legislature by December 31, 1994.

5 Sec. 507. It is the intent of the legislature the department in
6 cooperation with the department of social services conduct an analysis
7 of current representative payee and guardianship arrangements for
8 vulnerable persons in dependent living arrangements. Problems with
9 current arrangements and identification of the need for the expansion
10 of nonprofit guardian-type programs or other improvements to protect
11 individuals should be specified. A report shall be provided to the
12 legislature by December 31, 1994.

13 **INSTITUTIONAL SERVICES, HOSPITALS AND CENTERS**

14 Sec. 601. The operation and maintenance of the power plant at the
15 Kalamazoo state hospital shall be financed from charges to the
16 appropriations to the Kalamazoo state hospital and Western Michigan
17 University, which charges shall be based upon the cost of the power
18 plant and upon the usage of heat and electrical power by the hospital
19 and the university.

20 Sec. 602. In addition to the amounts appropriated in section 101,
21 revenues from the sale of sheltered workshop services and products are
22 appropriated to be expended for supplies, equipment, and other costs
23 associated with the maintenance of the sheltered workshop program,
24 excluding costs of compensating state classified employees. The
25 unspent balance on the last day of the fiscal year ending September 30,
26 1995, shall be carried forward into the subsequent fiscal year. The
27 funds carried forward shall be used for supplies, equipment, and other
28 costs associated with maintaining sheltered workshop programs excluding
29 the costs of compensating state classified employees. The total

1 estimated cost of the program is \$1,250,000.00 and specific project
2 expenditures to be completed by September 30, 1996.

3 Sec. 603. Funds appropriated in section 101 for gifts and
4 bequests include pay telephone revenues and are intended to be
5 allocated for patient living unit furnishings, recreational, and
6 vocational materials and supplies

7 Sec. 604. In addition to the funds appropriated in section 101
8 for state psychiatric hospitals, the department is authorized,
9 contingent upon the approval of the department of management and
10 budget, to (1) expend restricted funds earned above revenue
11 appropriated for CMH-purchase of state services contracts, first/third
12 party revenues, or title XIX medicaid revenues, excluding medicaid
13 disproportionate share payment revenue; (2) make interdepartmental
14 transfers to the department of social services equal to any medicaid
15 disproportionate share payments received by the hospitals.

16 Sec. 605. From the funds appropriated for workers' compensation,
17 the department may make payments in lieu of workers' compensation
18 payments for wage/salary and related fringe benefits for employees who
19 return to work under limited duty assignments. Employees returning to
20 work under limited duty assignments and who are funded under this
21 subsection will be in addition to the facility's existing staffing
22 authorization.