



# SENATE BILL No. 988

## EXECUTIVE BUDGET BILL

January 25, 1994, Introduced by Senators Geake and Gast  
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

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	78 300
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	<u>53,063,100</u>
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 ^00 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