

Act No. 151
 Public Acts of 1995
 Approved by the Governor
 July 9, 1995
 Filed with the Secretary of State
 July 11, 1995

**STATE OF MICHIGAN
 88TH LEGISLATURE
 REGULAR SESSION OF 1995**

Introduced by Reps. Dolan, LeTarte, McBryde, Oxender, Middleton, Geiger, Gilmer, Johnson, McNutt, Jellema and Bobier

ENROLLED HOUSE BILL No. 4415

AN ACT to make appropriations for the department of mental health and certain state purposes related to mental health for fiscal years ending September 30, 1995 and September 30, 1996; 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, 1996, from the following funds:

DEPARTMENT OF MENTAL HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions.....	5,797.0	
Average population	1,712.0	
GROSS APPROPRIATION.....		\$ 1,606,778,400
Interdepartmental grant revenues:		
IDG-department of corrections.....		69,283,000
IDG-department of public health.....		2,500,000
IDG-department of social services		95,000
Total interdepartmental grants and intradepartmental transfers		71,878,000
ADJUSTED GROSS APPROPRIATION.....		\$ 1,534,900,400
Federal revenues:		
Federal revenue, additional acquired		2,300,000
HHS-HCFA, grants to states for medicaid, medical assistance payments		402,121,200
Federal-omnibus reconciliation act, grants to states for medicaid, medical assistance payments		9,874,100
DED-OSERS, special education, state grants, IDEA		123,000
HHS-SAMHSA, block grants for community mental health services.....		10,662,100
Federal-special education		30,000
HHS-ACF, administration on developmental disabilities, protection and advocacy grants		2,475,700
DAG-FNS, national school lunch program		330,100
HHS-SAMHSA, projects for assistance in transition from homelessness.....		829,100

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HHS-PHS-HRSA, demonstration grants to states with respect to Alzheimer's disease.....	753,600
Federal-public domain oil/gas royalty.....	700,000
Federal contingency revenues.....	20,000,000
Total federal revenues.....	450,198,900
Special revenue funds:	
Local-special education revenue.....	1,768,300
Local-county match revenues.....	23,726,200
Local contingency revenues.....	1,274,700
Total local revenues.....	26,769,200
Private-gifts and bequests revenues.....	2,000,000
Private revenue, additional acquired.....	200,000
Private contingency revenues.....	110,000
Total private revenues.....	2,310,000
Total local and private revenues.....	29,079,200
Lease/rental revenue.....	1,110,700
Act 423 recipient fees and third-party reimbursements.....	7,500,000
1st/3rd party revenues.....	25,159,600
Miscellaneous revenue.....	200,000
Sheltered workshop revenue.....	1,046,100
State restricted contingency revenues.....	1,750,800
Total other state restricted revenues.....	36,767,200
State general fund/general purpose.....	\$ 1,018,855,100

EXECUTIVE PROGRAM

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	305.0
Citizens' mental health advisory councils.....	\$ 28,900
Director and other unclassified FTEs—6.0 FTE positions.....	340,400
Departmental administration and management—305.0 FTE positions.....	25,754,400
Revenue recapture.....	750,000
GROSS APPROPRIATION.....	\$ 26,873,700
Appropriated from:	
Federal revenues:	
HHS-HCFA, grants to states for medicaid, medical assistance payments.....	1,349,500
Federal-special education.....	30,000
Special revenue funds:	
1st/3rd party revenues.....	375,000
Miscellaneous revenue.....	135,000
State general fund/general purpose.....	\$ 24,984,200

FEDERAL AND PRIVATE FUNDED PROJECTS

Full-time equated classified positions.....	14.0
Developmental disabilities council and projects—12.0 FTE positions.....	\$ 2,475,700
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.....	1,537,900
DED-OESE, ECIA-title I.....	123,000
Federal contingency funds.....	20,000,000
Local contingency funds.....	1,274,700
Private contingency funds.....	110,000
State restricted contingency funds.....	1,750,800
GROSS APPROPRIATION.....	\$ 31,772,100
Appropriated from:	
Federal revenues:	
HHS-ACF, administration on developmental disabilities, protection and advocacy grants.....	2,475,700
DED-OSERS, special education, state grants, IDEA.....	123,000
HHS-SAMHSA, projects for assistance in transition from homelessness.....	829,100
Federal revenues, additional acquired.....	2,300,000

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Federal contingency revenues	20,000,000
Special revenue funds:	
Private funds, additional acquired.....	200,000
Private-gifts and bequests revenues.....	2,000,000
Local contingency revenues.....	1,274,700
Private contingency revenues.....	110,000
State restricted contingency revenues.....	1,750,800
State general fund/general purpose	\$ 708,800

FAMILY AND CONSUMER SUPPORT SERVICES

Full-time equated classified positions.....	2.0	
Family support subsidy.....		\$ 12,060,500
Dental program for persons with developmental disabilities.....		151,000
Pilot projects in prevention for adults and children—2.0 FTE positions		1,513,800
Consumer involvement program		166,600
Foster grandparent and senior companion program		1,872,400
Communities first pilot projects		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.....		1,308,100
Post adoption mental health support.....		35,000
GROSS APPROPRIATION.....		\$ 18,020,700
Appropriated from:		
Interdepartmental grant revenues:		
IDG-department of social services		95,000
Federal revenues:		
HHS-PHS-HRSA, demonstration grants to states with respect to Alzheimer's disease		753,600
State general fund/general purpose		\$ 17,172,100

COMMUNITY MENTAL HEALTH PROGRAMS

Full-time equated classified positions.....	15.0	
Community mental health programs		\$ 847,344,700
Support for expanded CMH services financed through reduced utilization of state facilities.....		24,735,100
Critical needs services.....		5,384,700
Community demand		9,161,600
Respite services.....		2,500,000
CMH alternatives.....		17,805,000
CMH-Purchase of state services contracts.....		290,831,900
Omnibus reconciliation act implementation—13.0 FTE positions		15,382,500
Federal mental health block grant—2.0 FTE positions		10,662,100
CMH-Act 423 fund		7,500,000
GROSS APPROPRIATION.....		\$ 1,231,307,600
Appropriated from:		
Interdepartmental grant revenues:		
IDG-department of public health.....		2,500,000
Federal revenues:		
HHS-HCFA, grants to states for medicaid, medical assistance payments		286,619,600
Federal-omnibus reconciliation act, grants to states for medicaid, medical assistance payments.....		9,874,100
HHS-SAMHSA, block grants for community mental health services.....		10,662,100
Special revenue funds:		
Act 423 recipient fees and third-party reimbursements.....		7,500,000
State general fund/general purpose		\$ 914,151,800

COMMUNITY RESIDENTIAL SERVICES

Full-time equated classified positions.....	432.0
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Community residential and support services for children with mental illness—4.0 FTE positions	\$	4,405,200
Community residential and support services for adults with mental illness—44.0 FTE positions		15,471,200
Community residential and support services for persons with developmental disabilities—374.0 FTE positions		177,208,200
MDMB real estate services		282,300
Macomb-Oakland site cost—10.0 FTE positions		828,100
Department of social services, SSI advocacy for mental health		416,100
CMH-Purchase of state services contracts		(103,252,100)
GROSS APPROPRIATION	\$	<u>95,359,000</u>
Appropriated from:		
Federal revenues:		
HHS-HCFA, grants to states for medicaid, medical assistance payments		79,492,100
Federal-public domain oil/gas royalty		700,000
Special revenue funds:		
Local-county match revenues		9,456,200
1st/3rd party revenues		4,184,200
State general fund/general purpose	\$	<u>1,526,500</u>

INSTITUTIONAL SERVICES

Full-time equated classified positions	12.0	
Worker's compensation program—1.0 FTE positions		\$ 13,571,800
Compensation for working patients		310,600
Purchase of psychiatric residency training		3,635,100
Early retirement year 5		753,200
Purchase of medical services for residents of hospitals and centers		2,913,700
Maintenance of property being leased or rented		95,000
Equipment		1,479,000
Special maintenance		1,000
Operations maintenance work projects		(1,500,000)
Closed site and related costs—11.0 FTE positions		743,300
Severance pay		7,052,400
GROSS APPROPRIATION		\$ <u>29,055,100</u>
Appropriated from:		
Special revenue funds:		
Lease/rental revenue		1,110,700
Sheltered workshop revenue		789,400
State general fund/general purpose	\$	<u>27,155,000</u>

STATE PSYCHIATRIC HOSPITALS

Total average population	1,152.0	
Total full-time equated classified positions	2,546.0	
Caro regional mental health center-psychiatric services unit—220.0 FTE positions		\$ 13,200,100
Average population	77.0	
Clinton Valley center—546.0 FTE positions		38,633,300
Average population	256.0	
Detroit psychiatric institute—272.0 FTE positions		20,235,700
Average population	128.0	
Kalamazoo psychiatric hospital—492.0 FTE positions		32,244,900
Average population	207.0	
Northville psychiatric hospital—905.0 FTE positions		61,603,500
Average population	438.0	
Walter P. Reuther psychiatric hospital—374.0 FTE positions		26,260,700
Average population	194.0	
Census reduction savings in state psychiatric hospitals—(263.0) FTE positions		(8,943,100)
Average population	(148.0)	
CMH-Purchase of state services contracts		<u>(149,254,400)</u>

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GROSS APPROPRIATION.....	\$	33,980,700
Appropriated from:		
Federal revenues:		
DAG-FNS, national school lunch program		107,600
HHS-HCFA, grants to states for medicaid, medical assistance payments		6,141,900
Special revenue funds:		
Local-county match revenues.....		9,977,100
Local-special education revenue		179,300
Miscellaneous revenue.....		30,000
Sheltered workshop revenue.....		150,000
1st/3rd party revenues.....		17,394,800
State general fund/general purpose	\$	0

STATE PSYCHIATRIC HOSPITALS FOR CHILDREN AND ADOLESCENTS

Total average population.....	153.0	
Total full-time equated classified positions.....	460.0	
Detroit psychiatric institute-children's program—19.0 FTE positions		\$ 1,297,000
Average population	12.0	
Fairlawn center at Clinton Valley center—230.0 FTE positions		15,573,100
Average population	75.0	
Hawthorn center—194.0 FTE positions.....		12,878,900
Average population	60.0	
Pheasant Ridge children's program at Kalamazoo psychiatric hospital— 42.0 FTE positions.....		3,071,200
Average population	16.0	
Census reduction savings in state psychiatric hospitals— (25.0) FTE positions.....		(837,600)
Average population.....	(10.0)	
CMH-Purchase of state services contracts.....		(20,512,600)
GROSS APPROPRIATION.....	\$	11,470,000

Appropriated from:		
Federal revenues:		
HHS-HCFA, grants to states for medicaid, medical assistance payments		7,477,000
DAG-FNS, national school lunch program		182,300
Special revenue funds:		
Local-special education revenue		1,531,500
Local-county match revenues.....		1,083,600
Miscellaneous revenue.....		14,000
1st/3rd party revenues.....		1,181,600
State general fund/general purpose	\$	0

STATE CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Total average population.....	197.0	
Total full-time equated classified positions.....	525.0	
Caro mental health center-developmental services unit—193.0 FTE positions		\$ 12,723,300
Average population	81.0	
Mount Pleasant center—325.0 FTE positions.....		20,750,100
Average population	141.0	
Southgate center—263.0 FTE positions.....		17,050,500
Average population	103.0	
Census reduction savings in state centers—(256.0) FTE positions		(8,024,300)
Average population.....	(128.0)	
CMH-Purchase of state services contracts.....		(17,812,800)
GROSS APPROPRIATION.....	\$	24,686,800

Appropriated from:		
Federal revenues:		
DAG-FNS, national school lunch program		24,400
HHS-HCFA, grants to states for medicaid, medical assistance payments		21,041,100

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Special revenue funds:	
Local-county match revenues.....	1,696,500
Miscellaneous revenue.....	21,000
1st/3rd party revenues.....	1,797,100
Sheltered workshop revenue.....	106,700
State general fund/general purpose.....	\$ 0

FORENSIC AND PRISON MENTAL HEALTH SERVICES

Total average population.....	210.0	
Full-time equated classified positions.....	1,486.0	
Center for forensic psychiatry—460.0 FTE positions.....		\$ 32,055,400
Average population.....	210.0	
Center for forensic psychiatry-outpatient evaluation—40.0 FTE positions.....		2,914,300
Inpatient, outpatient and residential services—986.0 FTE positions.....		69,283,000
GROSS APPROPRIATION.....		\$ 104,252,700
Appropriated from:		
Interdepartmental grant revenues:		
IDG-department of corrections.....		69,283,000
Federal revenues:		
DAG-FNS, national school lunch program.....		15,800
Special revenue funds:		
Local-county match revenues.....		1,512,800
Local-special education revenue.....		57,500
1st/3rd party revenues.....		226,900
State general fund/general purpose.....		\$ 33,156,700

Sec. 102. There is appropriated for the department of mental health to supplement former appropriations for the fiscal year ending September 30, 1995, from the following funds:

DEPARTMENT OF MENTAL HEALTH

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$ (11,600,000)
Federal revenues:	
HHS-HCFA, title XIX.....	8,400,000
Total federal revenues.....	8,400,000
Special revenue funds:	
Total local revenues.....	0
Total private revenues.....	0
Total local and private revenues.....	0
Total other state restricted revenues.....	0
State general fund/general purpose.....	\$ (20,000,000)

COMMUNITY MENTAL HEALTH PROGRAMS

CMH-Purchase of state services contracts.....	\$ (8,400,000)
Omnibus reconciliation act implementation.....	(7,500,000)
GROSS APPROPRIATION.....	\$ (15,900,000)
Appropriated from:	
State general fund/general purpose.....	\$ (15,900,000)

COMMUNITY RESIDENTIAL SERVICES

CMH-Purchase of state services contracts.....	\$ 8,400,000
GROSS APPROPRIATION.....	\$ 8,400,000
Appropriated from:	
Federal revenues:	
HHS-HCFA, title XIX.....	8,400,000
Special revenue funds:	
State general fund/general purpose.....	\$ 0

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INSTITUTIONAL SERVICES

Severance pay	\$	(4,100,000)
GROSS APPROPRIATION	\$	(4,100,000)
State general fund/general purpose	\$	(4,100,000)

Sec. 103. The funds appropriated for severance pay in section 102 include funds appropriated from the general fund for fiscal year 1993-94 in Act No. 171 of the Public Acts of 1993 and carried forward into fiscal year 1994-95 as a work project under section 451(5) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1451 of the Michigan Compiled Laws.

Sec. 104. (1) A total of \$15,000,000.00 from account 110-39-1715, miscellaneous revenue, as of September 30, 1995, is designated as a mental health services work project for fiscal year 1995-96 to provide funds as follows:

- (a) \$500,000.00 for community demand.
- (b) \$300,000.00 for the purchase of psychiatric residency training.
- (c) \$1,781,000.00 for base adjustments for the census and staff at the Fairlawn center and Hawthorn center or community-based inpatient and residential services alternatives.
- (d) \$11,536,500.00 to achieve 100% staffing needs assessment process (SNAP) standard at all state-operated hospitals for adults, children, and adolescents with mental illness, and centers for the developmentally disabled.
- (e) Other critical mental health services priorities.

(2) The expected completion date for the work project described in subsection (1) is September 30, 1996.

(3) The funds remaining in account 110-39-1715, miscellaneous revenue, at the final book closing of fiscal year 1994-95 are designated as a mental health services work project for fiscal year 1995-96 to provide funds for department of mental health services and programs such as those described in this act. The expected completion date for this project is September 30, 1996.

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 \$1,055,622,300.00 and state spending to units of local government is as follows:

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DEPARTMENT OF MENTAL HEALTH

FEDERAL AND PRIVATE FUNDED PROJECTS

Homelessness formula grant program-state match	708,800
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FAMILY AND CONSUMER SUPPORT SERVICES

Family support subsidy	12,060,500
Pilot projects in prevention for adults and children	1,513,800
Consumer involvement program	166,600
Foster grandparent and senior companion program	1,872,400

COMMUNITY MENTAL HEALTH PROGRAMS

Community mental health programs	575,996,100
Increased CMH base support from facility reductions.....	17,440,200
Community demand	6,725,000
Critical needs services	3,500,000
Respite services	2,500,000
CMH alternative services	14,150,200
OBRA implementation	5,508,400
Community mental health grant fund	7,500,000

TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT	\$	649,642,000
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(2) If 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 under subsection (1), the director shall immediately give notice of the approximate shortfall to the department of management and budget.

Sec. 202. The expenditures and funding sources authorized 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. Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 204. As used in this act:

- (a) "CMH" means county community mental health.
- (b) "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.
- (c) "DAG" means the United States department of agriculture.
- (d) "DAG-FNS" means the DAG, food and nutrition services.
- (e) "DED" means the United States department of education.
- (f) "DED-OSERS" means the DED, office of special education and rehabilitative services.
- (g) "Department" means the department of mental health.
- (h) "HHS" means the United States department of health and human services.
- (i) "HHS-ACF" means the HHS administration for children and families.
- (j) "HHS-HCFA" means the HHS health care financing administration.
- (k) "HHS-PHS-HRSA" means the HHS public health service, health resources and services administration.
- (l) "HHS-SAMHSA" means the HHS substance abuse and mental health services administration.
- (m) "IDG" means interdepartmental grant.
- (n) "MDOC" means the Michigan department of corrections.
- (o) "MDMB" means the Michigan department of management and budget.
- (p) "MDPH" means the Michigan department of public health.
- (q) "MDSS" means the Michigan department of social services.
- (r) "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.
- (s) "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 and house fiscal agencies, and the auditor general. The report shall contain all of the following:

(a) A description of the clients, services, funding, and expenditures of each CMH board including information about per capita expenditure by client group.

(b) Information about the reimbursement eligibility of clients of the department and CMH 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 CMH boards or the department of mental health shall provide 3 days' notice to the CMH board or the department of mental health of all committee and full board meetings and shall conduct all portions of meetings pertaining to CMH 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. Funds appropriated in section 101 shall not be used for the purchase of foreign goods and/or services when competitively priced and comparable quality American goods and/or services are available. By May 1, 1996, 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. 209. None of the funds appropriated in section 101 in the line items identified as "federal contingency funds", "state restricted contingency funds", "local contingency funds", and "private contingency funds" are available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

Sec. 210. (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.

Sec. 213. Money received by the department as a block grant from the federal government shall not be expended without a specific appropriation.

Sec. 214. (1) Beginning October 1, 1995, there is a hiring freeze imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees or prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department or to positions that are funded with 80% or more 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 the hiring freeze will result in the state department or agency being 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 justification for the exclusion.

Sec. 215. The amounts appropriated from 1 fund to another fund shall be authorized pursuant to annual appropriations within the departments responsible for each fund's appropriation.

Sec. 216. (1) The department may receive and expend federal funds if the funds are provided as "block grants" or other similar replacements for or consolidations of prior federal funding sources.

(2) The department may use the funds described in subsection (1) only to continue existing programs pursuant to section 101 and shall not establish new programs utilizing these funds, unless the legislature has enacted a modification to the existing program or enacted a new program.

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 approved 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. (1) 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 1995-96, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(2) The department shall report promptly to the house and senate appropriations subcommittees on mental health on all 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 medicaid 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, medicaid, DAG-FNS, national school lunch program, first/third party revenues, miscellaneous revenues, audit exception/cost settlement revenues, and county match revenues allocated for state hospitals, centers, and residential care into another revenue account listed in this section, and into CMH 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, 1996 from pay telephone revenues and 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 3 years unless otherwise stipulated by the donor.

Sec. 307. 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 house and senate fiscal agencies, and the department of management and budget.

Sec. 308. The specific amounts indicated in section 101 of this act as restricted revenue for financing appropriations from first/third parties, HHS-HCFA, medicaid, 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 fiscal agencies and department of management and budget on actual collections by revenue source for each appropriation unit during the previous fiscal year.

Sec. 309. 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 agreements.

Sec. 310. (1) In conjunction with the office of the auditor general, the department shall establish performance audit guidelines for the evaluation of CMH 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 CMH 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 March 30, 1996, 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 CMH board.
- (c) Uniform procedures for compilation of waiting list information.
- (d) The results of the pilot project described in subsection (2).

Sec. 311. The department of mental health in conjunction with the department of social services shall provide a report on implementation of the medicaid managed mental health care program to the members of the senate and house appropriations committees and standing committees on mental health and human resources by September 30, 1996. This report shall summarize actions taken by the department of mental health and CMH boards to implement the managed mental health care program and include summary information on inpatient and partial hospitalization utilization and costs, access to services, and summary information on consumer satisfaction measures.

Sec. 312. The department shall ensure that fair hearings required under section 1902 of title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396a, are provided for every recipient receiving services under the medicaid managed mental health care program. For purposes of a fair hearing under this section, a denial of service includes a denial of a service appropriate to the condition of the recipient. The department shall include in each contract with a county community mental health board a requirement that the county board provide notice and procedures for the required fair hearings.

Sec. 313. (1) It is the intent of the legislature that planning for any transition of services currently provided by the Macomb-Oakland regional center shall include participation from family members of MORC consumers, the Oakland and Macomb community mental health boards, MORC and department of mental health staff, as well as consultation with area legislators. This work group shall assist the department in assuring all of the following:

- (a) The continued provision of services to current consumers including individualized plans of service adequate to recipient needs.
- (b) Maintenance of the same quality of care standards provided by MORC.
- (2) The department transition plan shall assure the availability of all of the services currently provided by MORC.
- (3) This transition shall only be implemented when the involved community mental health boards have programs and services in place, either through direct operation or purchase of service agreements for those persons currently receiving services through MORC.

Sec. 314. The department, in consultation with the department of social services, shall review the inpatient reimbursement and rate setting methodology for mental health services. A report outlining a plan and timetable shall be submitted to the legislature no later than April 1, 1996.

COMMUNITY MENTAL HEALTH

Sec. 401. (1) Funds allocated in section 101 for CMH 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 CMH 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, 1995 contracts. With the exception of transactions involving special medicaid adjuster payments, state funding provided in each CMH board's contract shall not be altered as a result of implementation of this section.

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

- (a) A system of single entry and single exit.
- (b) A comprehensive range of services that includes prevention and that may include state provided acute and long-term inpatient and residential care.
- (c) The coordination of inpatient and outpatient hospital services through agreements with state psychiatric hospitals and centers.
- (d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the board's program or through assistance with locating and obtaining services to meet these needs.
- (e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.

(f) A system of continuous quality improvement.

(g) A system to monitor and evaluate the mental health services provided.

(2) In partnership with CMH boards, the department shall establish a process to ensure the long-term viability of a single entry and exit and locally controlled community mental health system.

Sec. 403. (1) From funds appropriated in section 101, final authorizations to CMH boards shall be made upon the execution of contracts between the department and CMH boards. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts.

(2) The funds appropriated in section 101 for the purchase of state service contracts are for the purchase of state hospital and center services, state administered community residential services, or for approved community-based programs that reduce utilization of state provided services. These funds shall be authorized to CMH boards based on estimates approved by the department as part of the negotiated contract.

(3) Funds that are authorized to CMH boards, when used to purchase state services, shall be provided to state hospitals, centers, and placement agencies based on the per diem and billing arrangements approved by the department in the negotiated contract.

(4) The department may advance to each CMH 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.

(5) 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.

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

(7) The funds appropriated in section 101 from purchase of state service contracts 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. 404. The funds appropriated in this act for county community mental health programs shall not be used to replace funds no longer available because the local government or CMH 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. 405. (1) Funds appropriated in section 101 for CMH services may be reserved and carried forward into the subsequent fiscal year by CMH 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 CMH 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 CMH 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) CMH 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.

Sec. 406. The amount appropriated in section 101 for CMH services is intended for funding of CMH boards in accordance with contracts between the department and the boards for the current fiscal year. The department shall establish such total accounts 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 the prior fiscal year. 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. 407. (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 CMH 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 CMH 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) 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, each CMH board shall work with each local social services department to establish mechanisms for expedited service referrals and coordination of service provision for 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.

(3) The department shall report by March 1, 1996 to the senate and house appropriations subcommittees on mental health on the progress in complying with the requirements outlined in subsections (1) and (2).

Sec. 408. (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 is determined not to be in need of immediate, emergency, or crisis intervention services.

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

(e) 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. 409. The funds appropriated in section 101 for expanding community mental health services through the reduced utilization of state facilities represent a transfer of resources resulting from census and state hospital or center reductions. The appropriated amount of \$24,735,100.00 is based upon full-year cost savings at state hospitals and centers.

Sec. 410. (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 special medicaid adjuster payments, under the following conditions:

(a) The 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 special medicaid adjuster payment program.

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

Sec. 411. Unexpended and unencumbered amounts and accompanying expenditure authorization remaining on September 30, 1996 from the \$9,161,600.00 appropriated in section 101 for community demand may be carried forward for 2 fiscal years as a work project. The purpose and method 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, 1998.

Sec. 412. From the funds appropriated for community mental health, \$3,010,000.00 will be directed toward providing multicultural special needs projects.

COMMUNITY RESIDENTIAL SERVICES

Sec. 501. 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 CMH boards and state hospitals, centers, and placement agencies.

Sec. 502. 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. 503. 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 1995-96 by the department of mental health and by CMH boards for residential services contracts.

Sec. 504. 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, 1995.

Sec. 505. 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, 1995.

Sec. 506. 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 annually to the house and senate appropriations subcommittees on mental health information about administrative and other provider costs including the distribution of economic increases appropriated in section 101.

Sec. 507. It is the intent of the legislature that over the next 5 years a fiscal priority is established for funding increases for residential service providers in order to assure the provision of quality services through a more stable workforce.

INSTITUTIONAL SERVICES, HOSPITALS, AND CENTERS

Sec. 601. In addition to the amounts appropriated in section 101, revenues from work activity centers and 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, 1996 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, 1997.

Sec. 602. (1) In addition to the amounts appropriated in section 101, revenues received during fiscal year 1995-96 from the sale or rental of land, supplies, equipment, or other property under the jurisdiction of the department of mental health during fiscal year 1995-96 or during any fiscal year before fiscal year 1995-96 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, 1996 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 1995-96 to another state agency or department for its use shall be sold at not less than fair market value.

Sec. 603. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMH boards have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate departmentally approved CMH board plans which include a discharge and aftercare plan for each person currently in the facility.

(3) Four months after the certification of closure required in section 19(6) of Act No. 240 of the Public Acts of 1943, being section 38.19 of the Michigan Compiled Laws, the department shall provide a closure plan to the house and senate appropriations subcommittees on mental health and the department of management and budget.

(4) Upon the closure of state run operations and after transitional costs have been paid, the remaining balances of funds appropriated for that operation shall be transferred to CMH boards responsible for providing services for persons previously served by the operations.

Sec. 604. 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 who are funded under this section will be in addition to the facility's existing staffing authorization.

Sec. 605. In addition to expending funds appropriated in section 101 for state psychiatric hospitals, centers, 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 CMH purchase of state services contracts, first/third party revenues, audit exception/cost settlement, or medicaid revenues excluding medicaid disproportionate share payment revenue or other special medicaid adjuster payments.

(b) Make interdepartmental transfers to the department of social services equal to any medicaid disproportionate share payments or other special medicaid adjuster payment received by the department.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved _____

Governor.