

Act No. 156
Public Acts of 1995
Approved by the Governor
July 14, 1995
Filed with the Secretary of State
July 14, 1995

STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1995

Introduced by Senators Geake, Schwarz and Conroy

ENROLLED SENATE BILL No. 300

AN ACT to make appropriations for the department of social services and certain state purposes related to public welfare services for the fiscal years ending September 30, 1995 and September 30, 1996; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for the department of social services and certain state purposes related to public welfare services for the fiscal year ending September 30, 1996, from the following funds:

DEPARTMENT OF SOCIAL SERVICES

Permanent career FTE employees	14,918.7	
Unclassified positions.....	6.0	
Total full-time equated positions	14,924.7	
GROSS APPROPRIATION.....		\$ 7,625,286,500
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 309,971,700
ADJUSTED GROSS APPROPRIATION.....		\$ 7,315,314,800
Federal revenues:		
Total federal revenues.....		4,210,510,500
Special revenue funds:		
Total private revenues.....		9,770,300
Total local revenues		465,734,300
Total other state restricted revenues.....		237,968,900
State general fund/general purpose		\$ 2,391,330,800

EXECUTIVE OPERATIONS

Total full-time equated positions	1,225.9	
Full-time equated unclassified positions	6.0	
Full-time equated classified positions.....	1,219.9	
Unclassified salaries—6.0 FTE positions.....		\$ 439,600
Salaries and wages—1,135.3 FTE positions		53,923,100

For Fiscal Year
Ending Sept. 30,
1996

Contractual services, supplies, and materials	\$	6,871,600
Demonstration projects—39.6 FTE positions		10,281,000
Health and welfare data center equipment		13,853,200
Automated social services information system project—27.0 FTE positions		10,399,900
Data system enhancement—18.0 FTE positions		12,739,600
Communities first		500,000
Inspector general contracts		3,036,800
GROSS APPROPRIATION	\$	112,044,800

Appropriated from:

Interdepartmental grant revenues:

IDG-ADP user fees		150,000
ADJUSTED GROSS APPROPRIATION	\$	111,894,800

Appropriated from:

Federal revenues:

Total federal revenues		59,828,000
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Special revenue funds:

Total private revenues		2,451,600
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Total local revenues		200,000
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Licensing fees		439,000
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State general fund/general purpose	\$	48,976,200
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CENTRAL SUPPORT ACCOUNTS

Rent	\$	40,040,200
Occupancy charge		4,343,500
Travel		7,050,700
Equipment		3,753,100
Workers' compensation		4,607,700
Advisory commissions		17,900
Payroll taxes and fringes		199,258,200
GROSS APPROPRIATION	\$	259,071,300

Appropriated from:

Federal revenues:

Total federal revenues		137,776,900
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Special revenue funds:

Departmentwide lapse revenue		7,419,600
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State general fund/general purpose	\$	113,874,800
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MEDICAL SERVICES ADMINISTRATION

Full-time equated classified positions	498.6	
Salaries and wages—498.6 FTE positions	\$	19,458,200
Contractual services, supplies, and materials		22,157,000
Data processing contractual services		100
Facility inspection contract - state police		132,800
GROSS APPROPRIATION	\$	41,748,100

Appropriated from:

Federal revenues:

Total federal revenues		25,457,100
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State general fund/general purpose	\$	16,291,000
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FAMILY SERVICES ADMINISTRATION

Full-time equated classified positions	476.0	
Salaries and wages—355.8 FTE positions	\$	16,901,500
Contractual services, supplies, and materials		6,941,400
Child support enforcement system—4.0 FTE positions		13,000,000
Child support incentive payments		32,409,600
Legal support contracts—5.0 FTE positions		58,017,900
State incentive payments		3,934,200
Food stamp issuance		5,374,400
High school completion project—4.0 FTE positions		278,400

	For Fiscal Year Ending Sept. 30, 1996
Wage employment verification reporting—2.0 FTE positions	\$ 1,795,000
Urban and rural empowerment/enterprise zones.....	78,850,000
Supplemental Security Income advocacy	2,539,100
State supplemental assistance subgrantees—39.2 FTE positions.....	2,723,900
Training and staff development—66.0 FTE positions	4,813,300
Community services block grant	13,977,100
GROSS APPROPRIATION.....	\$ 241,555,800
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of mental health.....	447,000
ADJUSTED GROSS APPROPRIATION.....	\$ 241,108,800
Appropriated from:	
Federal revenues:	
Total federal revenues	212,752,600
State general fund/general purpose	\$ 28,356,200

CHILD AND FAMILY SERVICES

Full-time equated classified positions.....	231.8	
Salaries and wages—84.3 FTE positions	\$ 3,695,600	
Contractual services, supplies, and materials	942,000	
Refugee assistance program—12.0 FTE positions.....	7,377,100	
Michigan opportunity skills training program—1.0 FTE positions.....	14,875,300	
Work first—110.5 FTE positions.....	8,025,500	
Adult home help.....	110,783,100	
Social services to the physically disabled.....	1,344,900	
Intercountry adoptions contracts	754,300	
County juvenile officers.....	3,526,400	
Foster care payments	215,221,000	
Adoption subsidies.....	77,586,900	
Child care fund.....	32,735,500	
Children's benefit fund donations	21,000	
Domestic violence services—2.0 FTE positions.....	4,741,200	
Teenage parent counseling—3.0 FTE positions	3,405,200	
Family preservation and prevention services—14.0 FTE positions	43,014,800	
Interstate compact	150,000	
Black child and family institute	100,000	
Rape prevention and services	260,000	
Attorney general contract.....	1,308,900	
Guardian contract	600,000	
County shelters.....	1,200,000	
Day care services.....	141,038,000	
Child welfare education.....	1,162,500	
Prosecuting attorney contract—1.0 FTE positions.....	1,061,700	
Children's trust fund administration—4.0 FTE positions.....	310,300	
Children's trust fund grants.....	2,615,000	
GROSS APPROPRIATION.....	\$ 677,856,200	
Appropriated from:		
Federal revenues:		
Total federal revenues.....	324,151,400	
Special revenue funds:		
Private-children's benefit fund donations	21,000	
Private-adolescent country adoption agency contributions	754,300	
Private-adolescent country adoptions	3,376,600	
Children's trust fund.....	1,810,300	
Local funds - county payback.....	23,459,200	
Local funds.....	353,100	
State general fund/general purpose	\$ 323,930,300	

DELINQUENCY SERVICES

Full-time equated classified positions.....	1,184.1	
Contractual services, supplies, and materials		\$ 7,161,300
Travel.....		355,600
Equipment		1,144,400
Genesee county detention facility—191.0 FTE positions.....		12,189,000
Family involvement project—4.8 FTE positions.....		415,400
Community residential care programs—123.7 FTE positions		6,695,200
Federally funded activities—27.1 FTE positions		1,848,700
W.J. Maxey memorial fund		45,000
Regional detention services—10.6 FTE positions.....		1,207,300
Delinquency and community based services		7,532,900
Committee on juvenile justice administration—4.0 FTE positions.....		340,500
Committee on juvenile justice grants.....		1,900,000
Personnel payroll costs—822.9 FTE positions.....		46,990,200
GROSS APPROPRIATION.....		\$ 87,825,500
Appropriated from:		
Federal revenues:		
Total federal revenues.....		9,903,700
Special revenue funds:		
Total private revenues.....		45,000
Local funds - county payback		35,181,100
State general fund/general purpose		\$ 42,695,700

ASSISTANCE PAYMENTS, SERVICES, AND CLERICAL FIELD STAFF

Full-time equated classified positions.....	10,682.6	
Field services, salaries and wages—156.7 FTE positions.....		\$ 10,035,000
Family and children's services, salaries and wages—1,859.8 FTE positions		66,012,500
County clerical support, salaries and wages—2,671.6 FTE positions.....		78,881,200
Assistance payments, salaries and wages—4,396.2 FTE positions		148,317,500
Adult services, salaries and wages—1,406.3 FTE positions.....		48,751,700
Contractual services, supplies, and materials		32,954,600
Outstationed eligibility workers—80.0 FTE positions		5,243,600
Volunteer services and reimbursement—112.0 FTE positions.....		8,404,300
GROSS APPROPRIATION.....		\$ 398,600,400
Appropriated from:		
Federal revenues:		
Total federal revenues.....		219,953,800
Special revenue funds:		
Local funds - donated funds.....		193,100
Private funds - hospital contributions.....		2,621,800
State general fund/general purpose		\$ 175,831,700

DISABILITY DETERMINATION SERVICES

Full-time equated classified positions.....	602.0	
Disability determination operations—602.0 FTE positions.....		\$ 59,270,100
Rent.....		463,400
Building occupancy charges.....		702,900
Workers' compensation.....		51,700
GROSS APPROPRIATION.....		\$ 60,488,100
Appropriated from:		
Federal revenues:		
Total federal revenues.....		60,488,100
State general fund/general purpose		\$ 0

PUBLIC ASSISTANCE

Full-time equated classified positions.....	23.7	
Aid to families with dependent children payments.....		\$ 991,336,000

	For Fiscal Year Ending Sept. 30, 1996
Family assistance payments	\$ 14,698,300
State disability assistance payments	29,896,800
State supplementation	64,584,800
State supplementation administration.....	2,002,000
Low income energy assistance program—21.7 FTE positions	82,046,300
State emergency relief—2.0 FTE positions.....	33,781,800
Weatherization assistance.....	15,934,100
GROSS APPROPRIATION	\$ 1,234,280,100
Appropriated from:	
Federal revenues:	
Total federal revenues	566,528,500
Special revenue funds:	
Child support collections	170,800,000
Supplemental security income recoveries	6,800,000
Public assistance recoupment revenue	6,000,000
State general fund/general purpose	\$ 484,151,600
MEDICAL SERVICES	
Hospital services and therapy.....	\$ 1,311,382,900
Hospital disproportionate share payments.....	45,000,000
Physician services.....	366,734,200
Medicare premium payments	86,676,500
Pharmaceutical services	317,979,300
Home health services.....	38,114,200
Transportation.....	9,140,800
Auxiliary medical services	70,700,000
Nursing home services	662,440,400
Chronic care units and county medical care facilities.....	164,534,700
Health maintenance organizations.....	533,351,200
Early periodic screening, diagnosis, and treatment outreach	6,200,000
Caring program for children.....	1,500,000
Personal care services—adult foster care.....	24,990,400
Personal care services—in home services.....	4,000,000
Maternal and child health.....	10,000,000
Indigent medical care program.....	20,001,800
Subtotal basic medicaid program.....	3,672,746,400
Outpatient hospital adjustor	50,000,000
Special adjustor payments	789,069,800
Subtotal special medicaid payments.....	839,069,800
GROSS APPROPRIATION	\$ 4,511,816,200
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of mental health	307,074,700
Interdepartmental grant from the department of public health	2,300,000
ADJUSTED GROSS APPROPRIATION.....	\$ 4,202,441,500
Appropriated from:	
Federal revenues:	
Total federal revenues	2,593,670,400
Special revenue funds:	
Local funds-county payback	310,321,000
Local funds.....	96,026,800
Intergovernmental transfer.....	35,000,000
Private funds	500,000
Special purpose—Public Act 219 of 1987	9,700,000
State general fund/general purpose	\$ 1,157,223,300

Sec. 102. There is appropriated for the department of social services for the fiscal year ending September 30, 1995 from the following funds:

MEDICAL SERVICES

Hospital services and therapy.....	\$	57,900,000
GROSS APPROPRIATIONS	\$	57,900,000
Appropriated from:		
Federal.....		32,900,000
Intergovernmental transfer.....		(15,000,000)
State general fund/general purpose	\$	40,000,000

GENERAL SECTIONS

Sec. 201. The department of social services may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the department of social services for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

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

Sec. 203. In addition to funds appropriated in section 101 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

Sec. 204. 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. 205. The department of social services may retain all of the state's share of food stamp overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food stamp overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deducted in the executive operations appropriation unit.

Sec. 206. The funds appropriated in section 101 for communities first pilot projects are intended to support the interagency implementation of communities first pilots. Funds may be expended by the departments of social services, public health, and education and the office of services to the aging, as necessary or appropriate for pilot implementation, in accordance with interagency agreements negotiated by the affected agencies.

Sec. 207. The department shall submit a report to the chairpersons of the senate and house appropriations committees and to the senate and house fiscal agencies on the details of allocations within program budgeting line items. The report shall include a listing, by account, dollar amount, and fund source, of salaries and wages; longevity and insurance; retirement; contractual services, supplies, and materials; equipment; travel; and grants within each program line item appropriated for the fiscal year ending September 30, 1996.

Sec. 208. At the same time as a privatization, elimination, retention, or modification analysis is submitted to the civil service commission for approval of a contract that will result in the loss of employment by classified state employees or otherwise substantially alters the delivery of a service central to the mission of the department of social services, the department shall submit a copy of the analysis to the house and senate appropriations committees. If a collective bargaining agreement covering state employees described in this section requires prior notification, the department shall submit the analysis to the appropriations committees on or before the date specified in that agreement. The analysis shall include all of the following:

- (a) The justification for privatizing or contracting the function or service.
- (b) The estimated number of classified state employees potentially affected by the contract.
- (c) The civil service criteria used to justify privatization.

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

Sec. 209. As used in this act:

- (a) "Department" means the department of social services.
- (b) "Title IV" means title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 671.
- (c) "Title XIX" means title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396g, and 1396i to 1396s.
- (d) "Title XX" means title XX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1397 to 1397e.

Sec. 210. In addition to the funds appropriated in section 101, there is hereby appropriated such federal, local, or private funds as the department may be eligible to receive up to a total of \$150,000,000.00. These funds shall not be available for expenditure unless transferred to a line item in this act in compliance with the applicable provisions of section 393 of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

Sec. 211. If a legislative objective of this act or the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.1 to 400.119b of the Michigan Compiled Laws, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the department of social services shall notify the house and senate appropriations committees and the house and senate fiscal agencies of that fact. Upon receipt of the notification, a joint house and senate committee made up of the members of the appropriations subcommittees on social services of the senate and house of representatives may be appointed to meet with the director of the department of social services to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to attain that legislative objective.

Sec. 212. Funds appropriated in section 101 shall not be used for the purchase of foreign goods and/or services when competitively priced and of comparable quality American goods and/or services are available.

- Sec. 213. (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. 216. The department of civil service shall bill departments and/or agencies at the end of the first fiscal quarter for the 1% charges authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 217. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in section 101 of this act is \$2,629,299,700.00 and state spending to be paid to local units of government from section 101 is as follows:

DEPARTMENT OF SOCIAL SERVICES	
CHILD AND FAMILY SERVICES	
Child care fund.....	32,735,500
County juvenile officers.....	2,539,000
Adoption subsidies.....	42,672,800
PUBLIC ASSISTANCE	
State disability and family assistance program	2,720,300

MEDICAL SERVICES

Indigent medical program.....	1,220,100
Hospital disproportionate share payments.....	19,453,500
Hospital services and therapy.....	40,000,000
Physician services.....	11,300,000
Pharmaceutical services.....	11,000,000
Home health services.....	1,300,000
Transportation.....	300,000
Auxiliary medical services.....	2,000,000
Health maintenance organizations.....	15,400,000

Sec. 218. Federal funds which become available after the effective date of this act and which are intended to replace federal money that had previously funded a program for which money is appropriated under section 101 shall be expended to continue that program. The continuation of a program and its funding under this section may occur by a transfer that complies with section 393 of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

Sec. 219. If, after the effective date of this act, the federal government appropriates money to this state that is not designated for deposit into a specified fund or designated to implement a specified state or federal program, the money shall be deposited in the state's general fund. All federal money deposited into the general fund pursuant to this section shall be appropriated from the state treasury in accordance with section 17 of article IX of the state constitution of 1963.

Sec. 220. In compliance with governmental accounting standards board (GASB) statement no. 24, accounting and financial reporting for certain grants and other financial assistance, food stamp distributions are hereby appropriated and shall be recognized as general fund-special purpose expenditures in the state's accounting records and financial reports.

EXECUTIVE OPERATIONS

Sec. 301. The department may receive local funds to be applied toward the purchase of local office automation equipment. Such equipment shall only be purchased through appropriate departmentwide automated data processing equipment contracts, and shall be the property of the department.

Sec. 302. The department shall assess and collect fees in the licensing and regulation of child care organizations as defined in Act No. 116 of the Public Acts of 1973, being sections 722.111 to 722.128 of the Michigan Compiled Laws, and adult foster care facilities as defined in the adult foster care facility licensing act, Act No. 218 of the Public Acts of 1979, being sections 400.701 to 400.737 of the Michigan Compiled Laws. Fees collected by the department shall not exceed the deducts in section 101 and shall be used exclusively for the purpose of licensing and regulating child care organizations and adult foster care facilities.

Sec. 303. Unexpended funds in the automated social services information system line item in fiscal year 1994-95 shall not lapse, but shall carry forward for use in fiscal year 1995-96.

FAMILY SERVICES ADMINISTRATION

Sec. 401. (1) From the federal money received for child support incentive payments, up to \$7,465,200.00 shall be retained by the state and expended for legal support contracts, state incentive payments, and salaries and wages for office of child support staff.

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

Sec. 402. The department of social services shall offset the job opportunities and basic skills program federal money going to the Michigan jobs commission by the amount necessary for the Michigan department of social services to administer the work first program.

Sec. 403. The department shall enter into an agreement with the Michigan jobs commission in order to facilitate the administration of the work first program. The department will make information on the program available to the legislature.

Sec. 404. From the funds appropriated in section 101, the department shall allocate \$100,000.00 for the purpose of enhancing adult foster care staff training.

Sec. 405. From the funds appropriated in section 101 for legal support contracts and child support incentive payments, the department may fund demonstration projects to enhance friend of the court child support collections efforts for public assistance recipients. Funding shall be from federal title IV-D and federal child support incentives earned. The projects shall be implemented in no more than 3 counties. Priority shall be given to counties with federal title IV-D aid to families with dependent children collections exceeding \$7,000,000.00 in fiscal year 1992.

Sec. 406. The department of social services in cooperation with participating colleges and universities shall provide an analysis of the high school completion project to the house and senate appropriations committees and the house and senate fiscal agencies not later than February 1, 1996. The analysis shall at a minimum:

(a) Determine the graduation rate for students that have been determined eligible for tuition and mandatory fee benefits.

(b) Determine whether the program is responsible for an increase in the high school graduation rate of students in the state that could otherwise be determined as eligible to participate in the program.

(c) Provide a comparison of the high school graduation rate for eligible students determined under subdivision (a) and all high school students in the state.

(d) Provide a 5-year and 10-year projection of expenditures and enrollments for this program.

Sec. 407. Unexpended funds in the urban and rural empowerment and enterprise zones line item in fiscal year 1995-96 shall not lapse but shall carry forward for use in fiscal year 1996-97.

Sec. 408. Not later than September 30 of each year, the department of social services shall submit for public hearing to the chairpersons of the social services subcommittees of the house and senate appropriations committees the proposed use and distribution plan for community services block grant funds appropriated in section 101 for the succeeding fiscal year.

Sec. 409. The department of social services shall develop jointly with the Indian affairs commission plans for the implementation of programs and the distribution of funds for recognized tribal groups and organizations under the block grant programs that are established by the federal community services block grant act, subtitle B of title VI of Public Law 97-35, 95 Stat. 511, 42 U.S.C. 9901 to 9910a and 9911 to 9912, and that are administered by that bureau. The plans shall comply with the regulations issued by the United States department of health and human services.

Sec. 410. The department shall develop a plan to enhance the training provided to employment services staff, assistance payments staff, and day care staff regarding the Michigan opportunity and skills training and work first programs. The plan shall be submitted to the house and senate appropriations subcommittees on social services by December 31, 1995. The plan shall be designed to ensure that all workers provide clients with timely, consistent, and understandable information about their rights and responsibilities under the Michigan opportunity and skills training and work first programs.

Sec. 411. The department shall work cooperatively with the Michigan jobs commission to develop a pilot project for advanced technology training for AFDC clients. The department shall identify AFDC clients who may be appropriate for participation and shall refer them to this pilot program.

Sec. 412. The department shall require that a minimum of 25% of job placements in the work first program earn an hourly wage that is greater than or equal to \$5.00 per hour.

CHILD AND FAMILY SERVICES

Sec. 501. In accordance with section 471(a)(14) of part E of title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 671, the following goal is established by state law. During the fiscal year ending September 30, 1996, not more than 3,500 children supervised by the department of social services shall remain in foster care longer than 24 months. The department shall give priority to reducing the number of children under 1 year of age in foster care.

Sec. 502. From the funds appropriated in section 101 for foster care, the department of social services shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for federal foster care cost sharing.

Sec. 503. The department of social services shall charge or cause to be charged a fee for intercountry adoption services. These fees shall be based on the cost of providing the services, with reduced fees for low-income families. These fees shall be used to pay for or contract for personnel and related activities. The director of social services shall adjust or cause an adjustment of the fees if necessary to ensure continued program operations on a self-supporting basis.

Sec. 504. To achieve a reduction of costs in the adoption subsidy program, the department shall do all of the following:

(a) Screen all residential placements that are subsidized by an adoption medical subsidy to assure the placement and treatment are needed and are in the best interest of the child.

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

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

Sec. 505. The department shall continue adoption subsidy payments to families after the eighteenth birthday of an adoptee who meets the following criteria:

(a) Has not yet graduated from high school or passed a high school equivalency examination.

(b) Is making progress toward completing high school.

(c) Has not yet reached his or her twenty-first birthday.

Sec. 506. From the funds appropriated in section 101 for foster care and residential care services, the department may use funds for programs to serve children in their own homes or in community-based services, if the service is in lieu of the children being placed in foster care or residential care.

Sec. 507. The department's ability to satisfy appropriation deducts in section 101 for foster care private collections shall not be limited to collections and accruals pertaining to services provided in the current fiscal year but shall include revenues collected in excess of the amount specified in section 101.

Sec. 508. Notwithstanding section 117a or 117c of the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.117a and 400.117c of the Michigan Compiled Laws, the distribution of collections made to counties by child, parent, guardian, or custodian, on behalf of children in foster care who are wards of the county, shall be made pursuant to section 18(2) of chapter XIIA of Act No. 288 of the Public Acts of 1939, being section 712A.18 of the Michigan Compiled Laws.

Sec. 509. Counties shall be subject to 50% charge back for the use of alternative regional detention services if they do not fall under the basic provision of section 117e of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.117e of the Michigan Compiled Laws, or if a county operates these programs primarily with professional rather than volunteer staff.

Sec. 510. The department shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists. Existing runaway service contracts and contractors serving homeless youth shall be exempt from the bids process.

Sec. 511. (1) In order to promote continuity of service for children and families, the department shall, to the maximum extent possible, enter into multiyear contracts for child welfare and juvenile justice services.

(2) The bid specifications and contract award determinations for child welfare and juvenile justice services shall include criteria relative to provider experience placing emphasis on total years of experience in providing child welfare and juvenile justice services, provision of services to persons of similar characteristics as the target clientele, quality of prior child welfare and juvenile justice services, length of service in the targeted geographic area, and the adequacy of the provider's plan for coordinating the provision of services in the targeted geographic area.

Sec. 512. All department service contracts for adoption agencies, child caring institutions, and child placing agencies shall include client needs, the services to be provided, the price to be paid, and the expected outcomes.

Sec. 513. Funds appropriated in section 101 for the child care fund may be used as the required state match for the purchase of families first services for clients referred by juvenile courts. For local offices and courts choosing this option, the in-home portion of the county child care fund plan must authorize the transfer of funds from the state child care fund account designated for that county to a local funds-county payback deduct account associated with the family preservation services appropriation while the involved county is still beneath its child care fund cap.

Sec. 514. (1) In addition to the amount appropriated in section 101, money granted or money received as gifts or donations to the children's trust fund created by Act No. 249 of the Public Acts of 1982, being sections 21.171 to 21.172 of the Michigan Compiled Laws, is appropriated for expenditure in an amount not to exceed \$800,000.00.

(2) The state child abuse and neglect prevention board may initiate a joint project with another state agency to the extent that the project supports the programmatic goals of both the state child abuse and neglect prevention board and the state agency. The department of social services may interaccount bill the state agency for shared costs of a joint project in an amount authorized by the state agency, and the state child abuse and neglect prevention board may receive and expend funds for shared costs of a joint project in addition to those authorized by section 101.

Sec. 515. From the funds appropriated in section 101 for child and family services, the department shall not expend funds to reunite a family in which incest is the cause for family separation, if such reunification will result in the victim and the perpetrator residing in the same residence.

Sec. 516. The department shall not expend funds to preserve or reunite a family if either of the following would result:

(a) A child would be living in the same household with a parent or other adult who has been convicted of criminal sexual conduct against the child.

(b) A child would be living in the same household with a parent or other adult against whom there is relevant and accurate evidence of sexual abuse against the child. This section shall permit counseling provided that the counseling is not directed at influencing an abused child to remain in an abusive environment or justifying the actions of the abuser.

Sec. 517. In cooperation with graduate schools of social work, the department may develop a masters of social work stipend program providing concentrations in the field of child welfare. Priority for enrollment shall be given to current department employees and stipend recipients must sign a contract agreeing to employment with the department in a children's services position upon graduation for a period equal to twice the time for which stipend support was received.

Sec. 518. The purpose of the Michigan opportunities and skills training (MOST) program is job placement for public assistance clients. The department shall report to the house and senate appropriations subcommittees on social services on its progress in meeting this purpose. This report shall contain statewide data, as well as data by county, and shall include:

(a) The total number of aid to families with dependent children adults recipients.

(b) The number of adults legally exempt by law from MOST.

(c) The number of nonexempt adults referred to MOST for potential participation.

(d) The number and percent active in a MOST component.

(e) The number of MOST case closures due to employment.

(f) The number of MOST participants that successfully complete an education or training program.

(g) The number and amount of aid to families with dependent children grant reductions and/or AFDC case closures due to employment.

(h) The number of aid to families with dependent children sanctions due to MOST noncompliance.

Sec. 519. The department of social services shall submit for review a copy of the family preservation and support services state plan prepared in compliance with title IV-B subpart 2 of the social security act to the house and senate appropriations subcommittees on social services at least 21 days before submission of that plan to the federal government for approval, and submit an annual report by March 1 of each year describing the expenditures made for the programs and services being provided within the plan.

Sec. 520. The department shall submit to the house and senate appropriations subcommittees on social services:

(a) A copy of its proposed title IV-E child welfare training plan before submission of that plan to the federal government.

(b) An annual report by March 1 detailing expenditures made for child welfare training during the previous fiscal year.

(c) By March 31, 1996, an implementation plan for child welfare training developed with input from the child welfare training advisory committee.

Sec. 521. An aid to families with dependent children recipient who is participating 20 hours per week or more in the work first program and who undertakes a self-initiated educational program that can be reasonably expected to lead to employment is eligible for reimbursement for child care and transportation expenses related to the educational program.

Sec. 522. From the funds appropriated in section 101 for foster care payments, the department shall enter into a contract with the foster adoptive support team (FAST) of the Michigan foster and adoptive parent association if approved by the director of the department of social services.

PUBLIC ASSISTANCE

Sec. 601. (1) The department may terminate a vendor payment for shelter when a recipient's rental unit is not in compliance with applicable local housing codes or when the landlord is delinquent on property tax payments. Compliance shall be considered to be met if the department of social services receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes and that statement is not contradicted by the recipient and the local housing authority. The landlord also shall provide to the department a signed statement indicating who currently owns the property and whether any delinquent taxes are owed.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units which the local authority indicates in writing do not meet local housing codes, until such time as the local authority indicates in writing that local housing codes have been met.

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

Sec. 602. From the funds appropriated in section 101 for aid to families with dependent children payments and medical services, the mother of an unborn child shall be eligible to receive aid to families with dependent children and medical services benefits for herself and her child if all other eligibility factors are met. To be eligible for these benefits, the applicant shall provide medical evidence of her pregnancy. If she is unable to provide the documentation, payment for the examination may be at state expense. The department of social services shall undertake such measures as may be necessary to ensure that necessary prenatal care is provided to medicaid-eligible recipients.

Sec. 603. The department, together with other agencies, may establish special projects to provide special needs shelter payment levels for the program of aid to families with dependent children that will support the development of transitional shelter facilities for homeless families. These facilities are to provide supportive services to families and to support the development of permanent low-income housing.

Sec. 604. (1) Family assistance shall be provided in instances where aid to families with dependent children eligibility could not be met, pursuant to eligibility policies established by the department.

(2) The department may establish family assistance eligibility policies in federally designated research sites that are consistent with aid to families with dependent children eligibility policies in those sites.

Sec. 605. (1) The department of social services shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy persons 18 years of age or older, or emancipated minors, who meet 1 or more of the following requirements:

(a) A recipient of supplemental security income, social security, or medical assistance due to disability or 65 years of age or older.

(b) A person with a physical or mental impairment which meets federal supplemental security income disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.

(c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.

(d) A person receiving 30-day postresidential substance abuse treatment.

(e) A person diagnosed as having acquired immunodeficiency syndrome.

(f) A person receiving special education services through the local intermediate school district.

(g) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.

(2) Applicants for and recipients of the state disability assistance program shall be considered needy if they:

(a) Possess nonexempt resources of \$1,000.00 or less.

(b) Own no more than 1 automobile.

(c) Have a monthly budgetable income that is less than the payment standards.

(3) Except for a person described in subsection (1)(c) or (d), a person is not disabled for purposes of this section if the preponderance of the disability is substance abuse. If substance abuse is a factor but not a preponderance of the disability, the person may receive state disability assistance if the person is actively participating in a substance abuse treatment program, and the assistance is paid to a third party. The department shall immediately implement this subsection unless the attorney general opines in a formal attorney general opinion that this subsection is unenforceable, or a court order prohibits the implementation. For purposes of this section, substance abuse treatment includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program.

Sec. 606. The level of reimbursement provided to state disability assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 607. County departments of social services shall require each recipient of state disability and state family assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the state disability assistance and state family assistance programs upon receipt of retroactive supplemental security income benefits.

Sec. 608. The department of social services' ability to satisfy appropriation deductions in section 101 for state disability assistance/supplemental security income recoveries and public assistance recoupment revenues shall not be limited to recoveries and accruals pertaining to state disability assistance, state family assistance, or aid to families with dependent children grant payments provided only in the current fiscal year, but shall include all related net recoveries received during the current fiscal year.

Sec. 609. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized.

Sec. 610. (1) The department, as it determines is appropriate, shall enter into agreements with energy providers by which cash assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient. The payments may include heat and electric payment requirements from recipient grants and amounts in excess of the payment requirements.

(2) Assuming available fiscal year 1995-96 federal low income energy assistance program funds of \$82.7 million plus carryforward, the energy caps shall be \$160.00 for natural gas, wood, and electric heat service, \$300.00 for deliverable fuel heat services, and \$250.00 for electric service. If a smaller federal low income energy assistance program award is available, the program will be modified to ensure that expenditures do not exceed the general fund/general purpose energy assistance related appropriations in both the departments of social services and treasury. If a larger federal low income energy assistance program award is available, the caps may be adjusted upward to reflect available revenue.

(3) The department shall negotiate with positive billing utility companies to develop extended payment plans. Such plans shall allow clients who terminate from positive billing due to increased income to make monthly payments in order to gradually liquidate utility arrears.

Sec. 611. A provider utility shall be entitled to recover in its rates all qualifying costs incurred pursuant to an agreement between the provider utility and the department for the payment of all or part of assisted households' heating and electric service bills. Qualifying costs shall include prudently incurred costs for incentives, forgiveness, and energy conservation program development and operation costs and the cost of capital incurred for assisted household arrearages held by the provider utility. All such qualifying costs incurred from program years beginning after October 1, 1995 shall be subject to deferred accounting and recovery through a general rate case application or shall be subject to timely recovery through separate limited purpose rate proceedings.

Sec. 612. The protected income level for medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.106 of the Michigan Compiled Laws, shall be 100% of the related public assistance standard.

Sec. 613. From the funds appropriated in section 101 for state emergency relief, the department shall increase the maximum allowable charge limit for indigent burials to \$1,210.00 beginning April 1, 1996. It is the intent of the legislature that this charge limit reflect a maximum payment to funeral directors of \$810.00 for funeral goods and services and a maximum payment to cemeteries or crematoriums of \$250.00 for cemetery goods and services. In addition, a maximum payment of \$150.00 shall be distributed to either the funeral director or cemetery, whoever provides the burial vault. Each provider of burial services shall be paid directly by the department.

Sec. 614. (1) From the funds appropriated in section 101 for state emergency relief, if the recipient receives the money for the purpose of mortgage payments, home repairs, land contracts payments, or property tax payment, the department shall not make the payment unless the recipient agrees to give the department a lien on his or her real property in the amount of total payments made by the department in excess of \$250.00.

(2) A lien under this section shall be enforced, and the amount of the lien recouped, when the recipient conveys the real property.

(3) By March 1, 1996, the department shall provide the house and senate appropriations subcommittees on social services with a report on progress in implementing this section.

Sec. 615. In developing good cause criteria for the state emergency relief program, the department shall grant exemptions if the emergency resulted from unexpected expenses related to maintaining or securing employment.

Sec. 616. (1) The department shall immediately begin to plan a pilot program to require recipients who are minor parents to reside with a parent or legal guardian or in an adult-supervised supportive living arrangement.

(2) The plan shall contain the following elements at a minimum:

(a) The process by which a determination is made that a minor parent cannot be placed with a parent or legal guardian.

(b) The definition of and criteria for a suitable adult-supervised supportive living arrangement including the provision for and access to educational, medical, and counseling services.

(3) This pilot program shall be developed in conjunction with nonprofit organizations and other interested parties and shall be presented to the house and senate appropriations subcommittees on social services prior to implementation.

Sec. 617. Non-campaign-related volunteer work in the offices of the executive, judicial and legislative branches of state government shall qualify for purposes of compliance with the social contract. The department shall compile and maintain a list of legislative and executive branch offices willing to accept volunteers. This list shall be made available to public assistance clients to assist them in selecting their social contract activity.

Sec. 618. (1) The department shall not require providers of burial services to accept state payment for indigent burials as payments in full. Providers shall be permitted to collect additional payment, not to exceed \$2,000.00, from relatives or other persons on behalf of the deceased.

(2) It is the intent of the legislature that additional payments collected in subsection (1) shall be distributed to funeral directors of 75% and cemeteries or crematoriums of 25% if cemeteries provide the vaults.

(3) Any additional payment collected pursuant to subsection (1) shall not increase the maximum charge limit for state payment as established by law.

Sec. 619. It is the intent of the legislature that any adult receiving aid to families with dependent children and state family assistance be willing to participate in activities leading to self-sufficiency, except clients who would require child care or transportation to participate will not be sanctioned when child care or transportation is not made available or provided.

Sec. 620. Except as required by federal law or regulations, funds appropriated in section 101 shall not be used to provide public assistance to a person who is an illegal alien. This section shall not prohibit the department from entering into contracts with food banks or emergency shelter providers who may, as a normal part of doing business, provide food or emergency shelter to individuals without regard to citizenship status.

Sec. 621. (1) If the department establishes a program to provide recipients of food stamps with the cash value of food stamp coupons, the department shall restrict eligibility only to households with a minimum of \$350.00 gross earned monthly income for 3 consecutive months and qualified to receive aid to families with dependent children, state family assistance, or food stamps.

(2) Before implementing a program described in subsection (1), the department shall establish procedures to ensure that minor children in those food stamp households that participate in the program are not placed at nutritional risk due to the diversion of food stamp cash payments for nonfood purchases. The department shall report to the house and senate appropriations subcommittees on the effects of the program.

Sec. 622. If the department establishes a program to provide recipients of food stamps with the cash value of food stamp coupons, the department shall establish eligibility requirements for the program, and shall prohibit a food stamp household from receiving cash rather than food stamp coupons if an adult resident of the individual's household within the past 6 months has been identified as a perpetrator on the child protective services central registry established under section 7 of the child protection law, Act No. 238 of the Public Acts of 1975, being section 722.627 of the Michigan Compiled Laws.

Sec. 623. The department may enter into agreements with local friend of the court offices to require noncustodial parents of children of aid to families with dependent children to enter employment, training, and job search programs if those parents are in arrears.

Sec. 624. It is the intent of the legislature that 1/2 of the funds appropriated from the state emergency relief program for the Arab Chaldean and ACCESS programs in Act No. 186 of the Public Acts of 1993 be allocated to these programs for the 1995-96 fiscal year.

Sec. 626. For purposes of determining housing affordability eligibility for state emergency relief, a group is considered to have sufficient income to meet ongoing housing expenses if their total housing obligation does not exceed 75% of their total net income.

Sec. 627. The personal care services payment for eligible supplemental security income recipients shall be \$144.11 effective April 1, 1996.

Sec. 628. Supplemental security income state supplementation payments shall not be made to a person defined as disabled under supplemental security income solely because that person is a drug addict or alcoholic. The department shall immediately implement this section unless the attorney general opines in a formal attorney general opinion that this section is unenforceable, or a court order prohibits the implementation.

Sec. 629. (1) The appropriation in section 101 for the weatherization program shall be expended in such a manner that at least 40% of the households weatherized under the program shall be households of families receiving aid to families with dependent children, state family assistance, state disability assistance, or supplemental security income. Not later than January 1, 1996, the department of social services shall report to the social services subcommittees of the house and senate appropriations committees and the house and senate fiscal agencies the number of households of families receiving aid to families with dependent children, state family assistance, state disability assistance, or supplemental security income that have been weatherized or that are under contract to be weatherized.

(2) Any unencumbered balances of the weatherization program shall not lapse and may be carried forward to the 1996-97 fiscal year. The director of the department of social services shall report the amount and purpose of any funds carried forward under this section to the social services subcommittees of the house and senate appropriations committees and to the house and senate fiscal agencies on or before November 15, 1996.

Sec. 630. A person performing weatherization service under the weatherization program described in section 629 shall install a smoke detector in a residence being weatherized if a detector is not already present and operational. A smoke detector installed under this section shall be located in the immediate vicinity of the bedrooms of the residence and at least 1 smoke detector shall be placed on each story of the residence, excluding crawl spaces and uninhabited attics.

Sec. 631. A recipient of public assistance who is referred to the MOST or work first program and who fails to participate due to his or her abuse of a controlled substance shall participate in substance abuse treatment and submit to periodic drug testing, as required by the treatment program, as part of his or her MOST or work first self-sufficiency plan. In accordance with current department policy, a recipient who fails to cooperate with an available drug treatment program shall have the public assistance he or she receives reduced by 25% until he or she cooperates. After 12 consecutive months of noncooperation, the case may be closed. Recipients who cooperate with substance abuse treatment programs may be assigned to additional work first or MOST components as long as those assignments do not conflict with the substance abuse treatment program. As used in this section, "substance abuse treatment" includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program.

MEDICAL SERVICES

Sec. 701. The department of social services shall provide an administrative procedure for the review of grievances by medical assistance providers with regard to reimbursement under the medical assistance program. Settlements of properly submitted cost reports shall be paid not later than 9 months from receipt of the final report.

Sec. 702. An institutional provider that is required to submit a cost report under the medicaid program shall submit cost reports completed in full within 90 days after the end of its fiscal year.

Sec. 703. (1) Except as provided in subsection (2), for care provided to medicaid recipients with other third party sources of payment, medicaid reimbursement shall not exceed, in combination with such other resources, including medicare, those amounts established for medicaid-only patients. The medicaid payment rate shall be accepted as payment in full. Other than an approved medicaid copayment, no portion of a provider's charge shall be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be deemed to affect the level of payment from a third party source other than medicaid. The department shall require a nonenrolled provider to accept medicaid payments as payment in full.

(2) Notwithstanding subsection (1), medicaid reimbursement for hospital services provided to dual medicare/medicaid recipients with medicare part B coverage only shall equal, when combined with payments for medicare and other third party resources, if any, those amounts established for medicaid-only patients, including capital and direct medical education payments.

Sec. 704. (1) Effective April 1, 1996, the pharmaceutical dispensing fee shall be \$3.83 or the usual and customary cash charge, whichever is less. If a recipient is 21 years of age or older, the department shall require a \$1.00 per prescription client copayment, except as prohibited by federal or state law or regulation.

(2) The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to recipients of medical assistance except as excluded by law.

(3) The copayments in subsections (1) and (2) may be waived for recipients who participate in a program of medical case management such as enrollment in a health maintenance organization or the primary physician sponsor plan program.

Sec. 705. Effective April 1, 1996, the department shall increase fee screens or payment rates by 3% for home health services, dentists, and dental clinics and 5% for ambulance services and shall increase payments for chiropractor office visits to \$10.81.

Sec. 706. The maximum limits on payments under the medicaid program, established in conformance with title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f and 1396i to 1396u, shall be disclosed only to persons directly responsible for the administration of the medicaid program, except that persons responsible for establishing individual prices on prior authorized items may release approved prices to the prospective provider.

Sec. 707. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services means those services which produce the maximum reduction of physical and mental limitations and restoration of an individual to his or her best functional level. At a minimum, remedial services include basic self-care and rehabilitation training for a resident.

Sec. 708. Medicaid adult dental services shall continue at not less than the level in effect on October 1, 1991.

Sec. 709. Medicaid podiatric services shall continue at the level in effect on October 1, 1991, except that reasonable utilization limitations may be adopted in order to prevent excess utilization.

Sec. 710. Medicaid chiropractic services shall continue at the level in effect on September 30, 1990, except that reasonable utilization limitations may be adopted in order to prevent excess utilization.

Sec. 710a. Section 710 notwithstanding, the department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within one year.

Sec. 711. (1) From the funds appropriated in section 101 for outpatient hospital indigent adjustor, the department, subject to the requirements and limitations in this section, shall establish a funding pool of up to \$50,000,000.00 for the purpose of enhancing the aggregate payment for medicaid hospital outpatient services. Such payments, if any, may be made as a gross adjustment to hospital outpatient payments or by another mechanism or schedule as determined by the department, which meets the intent of this section.

(2) For counties with populations in excess of 2,000,000 persons, the department shall distribute \$34,760,000.00 to hospitals if \$15,002,400.00 is received by the state from such counties, which meets the criteria of an allowable state matching share as determined by applicable federal laws and regulations. If the state receives a lesser sum of an allowable state matching share from these counties, the amount distributed shall be reduced accordingly. In addition, the department shall distribute up to an additional \$15,240,000.00 to hospitals in these counties, with the state's share funded by the department's general fund/general purpose authorization. The amount distributed, if any, to any given hospital in these counties shall be based on a formula determined by the department.

Sec. 712. (1) From the funds appropriated in section 101 for the indigent medical care program, the department shall establish a program which provides for the basic health care needs of indigent persons as delineated in the following subsections.

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

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

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

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

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

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

(b) Diagnostic laboratory and x-ray services.

(c) Pharmaceutical services.

Sec. 713. The department may require medicaid recipients to receive psychiatric services through a managed care system.

Sec. 714. The department shall continue to implement the physician sponsor plan and shall require medicaid recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference shall be randomly assigned to a managed care program.

Sec. 715. (1) The department shall not preauthorize or in any way restrict single-source pharmaceutical products except those single-source pharmaceuticals that have been subject to prior authorization by the department prior to January 1, 1992 and those single-source pharmaceuticals within the categories specified in section 1927(d)(2) of the social security act, 42 U.S.C. 1396s(d), or for the reasons delineated in section 1927(d)(3) of the social security act.

(2) The department may implement drug utilization review and monitoring programs that may cover renewals of prescriptions of anti-ulcer agents; these programs shall not be expanded to other therapeutic classes. Such programs shall have physician oversight through the drug utilization and review board to ensure proper determination.

Sec. 716. The department shall complete a study, in cooperation with the Michigan pharmacists association, that explores alternative pharmacy reimbursement methodologies. The study shall identify methodologies that recognize enhancements in the delivery of pharmacy services to medicaid patients. The study shall be presented to the house and senate appropriations subcommittees on social services no later than July 1, 1996.

Sec. 717. The department of social services shall not implement a mail-order pharmacy program.

Sec. 718. The department shall assure that all eligible children assigned to medicaid managed care programs have timely access to early and periodic screening, diagnosis, and treatment (EPSDT) services as required by federal law.

Sec. 719. (1) The department of social services is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal medicaid program. The department and the department of management and budget are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal medicaid funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in section 101 for medicaid school services payments, the department is authorized to do all of the following:

(a) Finance activities within the medical assistance administration related to this project.

(b) Reimburse participating school districts pursuant to the fund sharing ratios negotiated in the state-local agreements authorized in subsection (1).

(c) Offset general fund costs associated with the medicaid program.

(3) The department shall not make distributions from the funds provided for this purpose in section 101 until it has filed the necessary state plan amendments, made required notifications, received an indication of approval from the health care financing administration, and received approval from the department of management and budget.

Sec. 720. Funding for the healthy kids and infant support services programs are incorporated into the appropriate line items in section 101.

Sec. 721. The special adjustor appropriation in section 101 may be increased if the department submits a medicaid state plan amendment pertaining to this line item at a level higher than the appropriation and receives an indication of approval of the amendment from the health care financing administration. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 722. The department of social services shall obtain from those health maintenance organizations and clinic plans with which the department contracts patient-based utilization data, including immunizations, early and periodic screenings, diagnoses, and treatments, substance abuse services, and maternal and infant support services referrals. The format and frequency of reporting shall be specified by the department.

Sec. 723. It is the intent of the legislature that at least 50% of inflation increases in rates shall be used for a wage and benefit pass-through to nursing home workers, based on a plan developed by the department and substantially similar to a plan implemented in the 1989-1990 fiscal year. The rate increase for enhanced wages and benefits shall be provided to those facilities which make application for it to fund the medicaid program share of wage and benefit increases up to 50 cents per employee hour. The pass-through shall only be used to increase wages and benefits. Nursing facilities shall be required to document that these wage and benefit increases were actually provided.

Sec. 725. Medical assistance for medicaid services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty line, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and 1902(m) of the social security act.

Sec. 728. The department may fund home and community-based services in lieu of nursing home services, for individuals seeking long-term care services, from the nursing home or personal care in-home services line items. The department shall seek a federal waiver to secure federal match for these services. The department is authorized to conduct pilot projects to demonstrate appropriate roles for area agencies on aging, local departments of social services, and the private sector in providing these services.

Sec. 729. The department of social services shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume if the department receives a \$300,000.00 interdepartmental grant from the department of public health. The amount to be distributed, if any, to any given hospital shall be based on a formula determined by the department of social services.

Sec. 730. The medical services administration shall not implement any change in the methodology for payment of graduate medical education training costs without prior consultation on the proposed methodology with hospitals and other affected parties. Any resulting methodology shall be budget neutral, in the aggregate, with current payments for graduate medical education training costs.

Sec. 731. The department of social services in conjunction with the department of mental health 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 departments of social services and mental health and community mental health 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. 732. (1) The department of public health and the department of social services, before moving dually-eligible children within the children's special health care services program into mandatory medicaid managed care, shall ensure that the program remain voluntary until all of the following safeguards are in place:

(a) Informational materials about the plan, other plans available, and choices families can make shall be available to assist families in making an informed choice.

(b) Participants will be assured access to primary care and developmentally appropriate medical specialty care.

(c) Physician sponsors for individuals enrolled in children's special health care services shall meet qualifications set forth in the children's special health care services physician provider approval system. Procedures shall be developed to authorize physician sponsors to accommodate family choice for the purpose of maintaining an effective doctor-patient relationship.

(d) The adapted plan shall provide for improved communication among providers of primary care, specialty care, and community services.

(e) Children enrolled and their families shall have access to a simple, timely, user-friendly conflict resolution process to deal with problems related to the plan.

(f) Children's special health care services in collaboration with provider groups shall develop training programs and information systems to build provider capacity to perform services required by children's special health care services for children enrolled in the plan.

(2) The house and senate appropriations subcommittees on public health and social services shall review the proposed changes required to implement the mandatory medicaid managed care system for dually-eligible participants. As used in this section, "voluntary" means that families will take affirmative action that indicates their desire to enroll their child in a specific managed care plan before any enrollment action is taken by the departments.

(3) The department shall provide a report on implementation of the medicaid managed care programs on children's special health care services to the house and senate appropriations subcommittees on public health and social services, house and senate fiscal agencies, and the department of management and budget by September 30, 1996. This report shall summarize actions taken by the department to implement the managed care programs and include summary information on utilization costs, access to services, and summary information on consumer satisfaction measures.

Sec. 733. It is the intent of the legislature that the department of public health shall make a grant of \$53,000.00 to pregnancy services of Michigan, previously funded through the department of social services.

Sec. 734. (1) The department of social services shall implement enforcement actions as specified in the nursing facility enforcement provisions of 42 U.S.C. 1396r. Implementation will follow final federal rules issued November 10, 1994. The department of social services shall use the policy promulgation process established under section 111a of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.111a of the Michigan Compiled Laws, to establish the policy for enforcement.

(2) Based on determination by the department of public health of a nursing facility's noncompliance with any requirements for certification, the department of social services may impose civil monetary penalties or other remedies specified in 42 U.S.C. 1396r.

(3) The department is authorized to receive and spend penalty money received as the result of noncompliance with medicaid certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

(4) Any unexpended penalty money, at the end of the year, shall carry forward to the following year.

Sec. 735. The department shall notify the medicaid managed care provider of an address and a telephone number for each enrolled recipient at the time of enrollment and whenever there is a subsequent address or telephone number change.

Sec. 736. The department, in consultation with the department of mental health, shall review the inpatient reimbursement rate setting methodology for mental health services. A report outlining the findings and a plan and timetable to revise the methodology, if appropriate, shall be submitted to the legislature.

Sec. 737. The department shall review and analyze the appropriations within the physician line item and review and evaluate reimbursement for physician office visit billing codes and other commonly used physician billing codes and report its analysis to the legislature.

Sec. 738. (1) Medicaid patients who are enrolled in health maintenance organizations (HMOs) or capitated clinic plans have the choice to elect hospice services or other services for the terminally ill that are offered by the HMO or clinic plan. If the patient elects hospice services, those services shall be provided in accordance with 214 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.21401 to 333.21420 of the Michigan Compiled Laws.

(2) The department shall not amend the medicaid hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 C.F.R. part 418.

Sec. 739. Usual and customary charges for pharmacy providers are defined as the pharmacy's charges to the general public for like or similar services.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.