



HOUSE BILL No. 4415

February 15, 1995, Introduced by Reps. Dolan, LeTarte, McBryde, Oxender, Middleton, Geiger, Gilmer, Johnson, McNutt, Jellema and Bobier and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

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

1 Sec. 101. There is appropriated for the department of mental health
2 for the fiscal year ending September 30, 1996, from the following funds:
3 DEPARTMENT OF MENTAL HEALTH

1 APPROPRIATIONS SUMMARY:

2	Unclassified positions	6.0
3	Permanent career FTE employees	6,718.0
4	Average population.	1,737
5	GROSS APPROPRIATION	\$ 1,601,859,500

6 Interdepartmental grant revenues:

7	Total interdepartmental grants and	
8	intradepartmental transfers	71,878,000
9	ADJUSTED GROSS APPROPRIATION	\$ 1,529,981,500

10 Federal revenues:

11	Total federal revenues	428,401,000
----	----------------------------------	-------------

12 Special revenue funds:

13	Total local revenues	25,494,500
14	Total private revenues	2,200,000
15	Total other state restricted revenues	35,016,400
16	State general fund/general purpose	\$ 1,038,869,600

17 EXECUTIVE PROGRAM

18	Citizens' mental health advisory councils	\$ 43,900
19	Unclassified positions	354,900
20	Departmental administration and management	25,754,400
21	Revenue recapture	750,000
22	Direct care staff training	<u>29,200</u>
23	GROSS APPROPRIATION	\$ 26,932,400

24 Appropriated from:

25 Federal revenues:

26	HHS-HCFA, grants to states for medicaid, medical	
27	assistance payments	1,349,500
28	Federal-special education	30,000

1	Special revenue funds:	
2	1st/3rd party revenues	375,000
3	Miscellaneous revenue	135,000
4	State general fund/general purpose	\$ 25,042,900
5	FEDERAL AND PRIVATE FUNDED PROJECTS	
6	Developmental disabilities council and projects	\$ 2,475,700
7	Central fund for acquiring additional	
8	federal and private funds	2,500,000
9	Gifts and bequests for patient living	
10	and treatment environment	2,000,000
11	Homelessness formula grant program	1,537,900
12	Special education, IDEA	<u>123,000</u>
13	GROSS APPROPRIATION	\$ 8,636,600
14	Appropriated from:	
15	Federal revenues:	
16	HHS-ACF, administration on developmental	
17	disabilities, protection and advocacy grants	2,475,700
18	DED-OSERS, special education, state grants, IDEA	123,000
19	HHS-SAMSHA, projects for assistance in transition	
20	from homelessness	829,100
21	Federal revenue, additional acquired	2,300,000
22	Special revenue funds:	
23	Private revenue, additional acquired	200,000
24	Private-gifts and bequests revenues	2,000,000
25	State general fund/general purpose	\$ 708,800
26	FAMILY AND CONSUMER SUPPORT SERVICES	
27	Family support subsidy	\$ 12,060,500
28	Dental program for persons with	

1	developmental disabilities	151,000
2	Pilot projects in prevention for	
3	adults and children	1,311,700
4	Consumer involvement program	166,600
5	Foster grandparent and senior companion	
6	program	1,872,400
7	Communities first pilot project	95,000
8	Protection and advocacy services for persons	
9	with mental illness	356,400
10	Protection and advocacy services for	
11	persons with developmental disabilities	461,900
12	Mental health initiatives for older persons	1,308,100
13	Post adoption mental health support	<u>35,000</u>
14	GROSS APPROPRIATION	\$ 17,818,600
15	Appropriated from:	
16	Interdepartmental grant revenues:	
17	IDG-MDSS	95,000
18	Federal revenues:	
19	HHS-PHS-HRSA, demonstration grants to states	
20	with respect to alzheimer's disease	753,600
21	State general fund/general purpose	\$ 16,970,000
22	COMMUNITY MENTAL HEALTH PROGRAMS	
23	Community mental health operations	\$ 842,243,400
24	Support for expanded CMH services financed	
25	through reduced utilization of state facilities	24,735,100
26	Critical needs services	5,384,700
27	Community demand	9,661,600
28	CMH alternatives	17,805,000

1	Respite services	2,500,000
2	CMH-purchase of state services contracts	303,109,000
3	Federal mental health block grant	10,662,100
4	Omnibus reconciliation act implementation	15,382,500
5	CMH-Act 423 fund	<u>7,500,000</u>
6	GROSS APPROPRIATION	\$ 1,238,983,400
7	Appropriated from:	
8	Interdepartmental grant revenues:	
9	IDG-MDPH	2,500,000
10	Federal revenues:	
11	HHS-HCFA, grants to states for medicaid, medical	
12	assistance payments	284,563,600
13	HHS-SAMHSA, block grants for community mental	
14	health services	10,662,100
15	Federal-Omnibus reconciliation act, grants to states	
16	for medicaid, medical assistance payments	9,874,100
17	Special revenue funds:	
18	Act 423 recipient fees and third-party	
19	reimbursements	7,500,000
20	State general fund/general purpose	\$ 923,883,600
21	COMMUNITY RESIDENTIAL SERVICES	
22	Community residential and support services for	
23	children with mental illness	\$ 4,405,200
24	Community residential and support services	
25	for adults with mental illness	15,337,300
26	Community residential and support services for	
27	persons with developmental disabilities	175,121,800
28	MDMB real estate services	282,300

1	Macomb-Oakland site cost	828,100
2	Department of social services, SSI advocacy	
3	for mental health	416,100
4	CMH-purchase of state services contracts	<u>(101,611,700)</u>
5	GROSS APPROPRIATION	\$ 94,779,100
6	Appropriated from:	
7	Federal revenues:	
8	HHS-HCFA, grants to states for medicaid,	
9	medical assistance payments	78,912,200
10	Federal-public domain oil/gas royalty	700,000
11	Special revenue funds:	
12	Local county match revenues	9,456,200
13	1st/3rd party revenues	4,184,200
14	State general fund/general purpose	\$ 1,526,500
15	INSTITUTIONAL SERVICES	
16	Compensation for working patients	\$ 410,600
17	Workers' compensation program	17,186,100
18	Purchase of psychiatric residency training	3,935,100
19	Early retirement year 5	753,200
20	Purchase of medical services for	
21	residents of hospitals and centers	3,413,700
22	Maintenance of property being leased or rented	95,000
23	Equipment	1,948,000
24	Special maintenance	1,000
25	Displaced worker assistance projects	55,000
26	Severance pay	9,936,000
27	Closed site and related costs	1,043,300
28	Adult basic education alternatives	<u>504,200</u>

1	GROSS APPROPRIATION	\$	39,281,200
2	Appropriated from:		
3	Special revenue funds:		
4	Sheltered workshop revenue		789,400
5	Lease/rental revenue		1,110,700
6	State general fund/general purpose	\$	37,381,100
7	STATE PSYCHIATRIC HOSPITALS		
8	Total average population		1,152
9	Caro mental health center-psychiatric		
10	services unit	\$	13,782,200
11	Average population		74
12	Clinton Valley center		40,475,100
13	Average population		223
14	Detroit psychiatric institute		21,201,100
15	Average population		100
16	Kalamazoo psychiatric hospital		33,419,200
17	Average population		188
18	Northville psychiatric hospital		63,916,800
19	Average population		389
20	Walter P. Reuther psychiatric hospital		27,442,100
21	Average population		178
22	Census reduction savings in psychiatric		
23	hospitals		(8,943,100)
24	CMH-purchase of state services contracts		<u>(157,312,700)</u>
25	GROSS APPROPRIATION	\$	33,980,700
26	Appropriated from:		
27	Federal revenues:		
28	HHS-HCFA, grants to states for medicaid,		

1	medical assistance payments	6,141,900
2	DAG-FNS, national school lunch program	107,600
3	Special revenue funds:	
4	Local-county match revenues	9,977,100
5	Local-special education revenue	179,300
6	Sheltered workshop revenue	150,000
7	Miscellaneous revenue	30,000
8	1st/3rd party revenues	17,394,800
9	State general fund/general purpose \$	0
10	STATE PSYCHIATRIC HOSPITALS FOR CHILDREN AND ADOLESCENTS	
11	Total average population	178
12	Detroit psychiatric institute-children's	
13	program \$	1,423,200
14	Average population	10
15	Fairlawn center	17,268,200
16	Average population	73
17	Hawthorn center	15,692,700
18	Average population	80
19	Pheasant Ridge children's program at Kalamazoo	
20	psychiatric hospital	3,340,500
21	Average population	15
22	Census reduction savings in psychiatric hospitals	(837,600)
23	CMH-purchase of state services contracts	<u>(24,579,000)</u>
24	GROSS APPROPRIATION \$	12,308,000
25	Appropriated from:	
26	Federal revenues:	
27	HHS-HCFA, grants to states for medicaid, medical	
28	assistance payments	8,315,000

1	DAG-FNS, national school lunch program	182,300
2	Special revenue funds:	
3	Local-county match revenues	1,083,600
4	Local-special education revenue	1,531,500
5	1st/3rd party revenues	1,181,600
6	Miscellaneous revenue	14,000
7	State general fund/general purpose \$	0
8	STATE CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	
9	Total average population	197
10	Caro mental health center-developmental	
11	services unit \$	13,158,200
12	Average population	38
13	Mount Pleasant center	21,530,600
14	Average population	92
15	Southgate center	17,627,900
16	Average population	67
17	Census reduction savings in state centers	(8,024,300)
18	CMH-purchase of state services contracts	<u>(19,605,600)</u>
19	GROSS APPROPRIATION \$	24,686,800
20	Appropriated from:	
21	Federal revenues:	
22	HHS-HCFA, grants to states for medicaid, medical	
23	assistance payments	21,041,100
24	DAG-FNS, national school lunch program	24,400
25	Special revenue funds:	
26	Local-county match revenues	1,696,500
27	1st/3rd party revenues	1,797,100
28	Miscellaneous revenue	21,000

1	Sheltered workshop revenue	106,700
2	State general fund/general purpose \$	0
3	FORENSIC AND PRISON MENTAL HEALTH SERVICES	
4	Total average population 210	
5	Center for forensic psychiatry \$	32,255,400
6	Average population 210	
7	Center for forensic psychiatry-outpatient	
8	evaluation	2,914,300
9	Inpatient, outpatient and residential services . .	<u>69,283,000</u>
10	GROSS APPROPRIATION \$	104,452,700
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	IDG-MDOC	69,283,000
14	Federal revenue:	
15	DAG-FNS, national school lunch program	15,800
16	Special revenue funds:	
17	Local-special education revenue	57,500
18	Local-county match revenues	1,512,800
19	1st/3rd Party revenues	226,900
20	State general fund/general purpose \$	33,356,700

21 **GENERAL SECTIONS**

22 Sec. 201. The expenditures and funding sources authorized under
23 this bill are subject to the management and budget act, Act No. 431 of
24 the Public Acts of 1984, being sections 18.1101 to 18.1594 of the
25 Michigan Compiled Laws.

26 Sec. 202. (1) The amounts transferred from one fund to another fund
27 shall be authorized pursuant to annual appropriations within the
28 departments responsible for each fund's appropriations.

1 (2) Funds for which the state is acting as the custodian or agent
2 are not subject to annual appropriation.

3 Sec. 203. (1) The number of permanent career FTE employees shall
4 not exceed the number listed in section 101 of this bill unless an
5 exception has been granted by the director of the department of
6 management and budget. Exceptions shall only be given if failure to
7 fill the positions will result in rendering the department unable to
8 deliver basic services, cause a loss of revenue to the state, or
9 necessitate additional expenditures that exceed savings from
10 maintaining a vacancy. On the fifteenth of each month, the department
11 of management and budget shall report to the house and senate
12 appropriations committees and the governor any exceptions that have
13 been granted in the preceding month.

14 (2) Permanent career appointments shall be used as defined by the
15 civil service commission.

16 (3) The number of FTEs to be funded by each individual line item
17 amount shall be determined by the department within the overall limit
18 on permanent career FTEs for the department.

19 Sec. 204. (1) Any federal, local, private, or state restricted
20 funds received by a department in addition to the amount appropriated
21 in section 101, are appropriated.

22 (2) Funds appropriated in subsection (1) totalling less than
23 \$50,000.00 during the fiscal year from any one source may be expended
24 for the purposes for which the funds were made available. Receipt of
25 these funds shall be reported to the senate and house appropriations
26 committees and the house and senate fiscal agencies within thirty days
27 after the close of each fiscal quarter.

28 (3) Funds appropriated in subsection (1) totalling \$50,000.00 or
29 more during the fiscal year are not available for expenditure until

1 they have been transferred to another line item in this act through an
2 administrative transfer as defined in section 393(1) of Act No. 431 of
3 the Public Acts of 1984, as amended, being section 18.1393(1) of the
4 Michigan Compiled Laws.

5 Sec. 205. The department of civil service shall bill departments
6 and/or agencies at the end of the first fiscal quarter for the 1%
7 charges authorized by section 5 of Article XI of the State Constitution
8 of 1963. Payments shall be made for the total amount of the billing by
9 the end of the second fiscal quarter.

10 Sec. 206. As used in this act:

11 (a) "CMH" means community mental health.

12 (b) "CMH-Act 423 fund" means the fund described in section 310(b)
13 of the mental health code, Act No. 258 of the Public Acts of 1974,
14 being section 330.1310 of the Michigan Compiled Laws.

15 (c) "DAG" means the United States department of agriculture.

16 (d) "DAG-FNS" means the DAG, food and nutrition services.

17 (e) "DED" means the United States department of education.

18 (f) "DED-OSERS" means the DED, office of special education and
19 rehabilitative services.

20 (g) "Department" means the department of mental health.

21 (h) "HHS" means the United States department of health and human
22 services.

23 (i) "HHS-ACF" means the HHS administration for children and
24 families.

25 (j) "HHS-HCFA" means the HHS health care financing administration.

26 (k) "HHS-PHS-HRSA" means the HHS public health service, health
27 resources and services administration.

28 (l) "HHS-SAMSHA" means the HHS substance abuse and mental health
29 services administration.

- 1 (m) "IDG" means interdepartmental grant.
- 2 (n) "MDOC" means the Michigan department of corrections.
- 3 (o) "MDMB" means the Michigan department of management and budget.
- 4 (p) "MDPH" means the Michigan department of public health.
- 5 (q) "MDSS" means the Michigan department of social services.
- 6 (r) "Title XX" means title XX of the social security act, chapter
7 531, 49 Stat. 620, 42 U.S.C. 1397 to 1397f.

8 Sec. 207. (1) Each April 15, the department shall provide a report
9 to the department of management and budget, the chairpersons of the
10 senate and house appropriations committees, the senate and house fiscal
11 agencies, and the auditor general. The report shall contain all of the
12 following:

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

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

18 (2) The department shall provide a report on contractual services
19 to the department of management and budget and to the chairpersons of
20 the senate and house appropriations committees each month. The report
21 shall be based on the monthly civil service statewide contracted
22 services report required by section 281 of the management and budget
23 act, Act No. 431 of the Public Acts of 1984, being section 18.1281 of
24 the Michigan Compiled Laws. The report shall provide the name of the
25 contractor, the dollar value of the contract, description, and location
26 of the service to be provided, and justification for the contract.

27 Sec. 208. From the funds appropriated in section 101 such payments
28 of wages and salaries as are made for classified state employees shall
29 be made in accordance with applicable laws, rules, and regulations of

1 the civil service commission. The funds identified in section 101 for
2 unclassified employees are based upon prior year levels adjusted
3 consistent with pay plan recommendations for non-exclusively
4 represented employees (NEREs) of the civil service commission, except
5 in the case of department directors and heads of type I agencies, where
6 the funds provided are in an amount equal the standards established by
7 the civil service commission as the maximum pay for state executive
8 service classification 20 and state executive service classification 18
9 employees, respectively. Although the funds identified in section 101
10 for unclassified employees are based upon the standards set forth
11 above, the exact salaries of individual unclassified employees shall be
12 set by the appointing authority, not to exceed the state executive
13 service classification 20 maximum payment in the case of a department
14 director, or the state executive service classification 18 maximum
15 payment in the case of a head of a type I agency. The salaries of
16 individual unclassified employees shall be a matter of public record.

17 **EXECUTIVE OFFICE**

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

24 Sec. 302. (1) In funding staff in the financial support division,
25 reimbursement, and billing and collection sections, priority shall be
26 given to obtaining third party payments for services.

27 (2) The department shall continue a revenue recapture project to
28 generate additional revenues from third parties related to cases which
29 have been closed or are inactive. Revenues collected through project

1 efforts are appropriated to the department for departmental costs and
2 contractual fees associated with these retroactive collections and to
3 improve ongoing departmental reimbursement management functions so that
4 the need for retroactive collections will be reduced or eliminated.

5 Sec. 303. The department's ability to satisfy appropriation
6 deductions in section 101 shall not be limited to collections and
7 accruals pertaining to services provided in fiscal year 1995-96, but
8 shall also include reimbursements, refunds, adjustments, and
9 settlements from prior years.

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

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

25 (3) The director of the department may also allocate revenue
26 amounts from the discretionary fund for HHS-HCFA, medicaid, DAG-FNS,
27 national school lunch program, first/third party revenues,
28 miscellaneous revenues, audit exception/cost settlement revenues, and
29 county match revenues allocated for state hospitals, centers, and

1 residential care into another revenue account listed in this section,
2 and into community mental health medicaid revenue accounts.

3 Sec. 305. Funds appropriated in section 101 for the mental health
4 advisory council may be used for member per diems of \$50.00 and other
5 council expenditures. Funds may also be used for the expenses of the
6 state mental health advisory council on deafness and other expenses for
7 councils established by the mental health code, Act No. 258 of the
8 Public Acts of 1974, being sections 330.1001 to 330.2106 of the
9 Michigan Compiled Laws.

10 Sec. 306. Unexpended and unencumbered amounts and accompanying
11 expenditure authorizations up to \$2,000,000.00 remaining on September
12 30, 1996 from pay telephone revenues and the amounts appropriated in
13 section 101 for gifts and bequests for patient living and treatment
14 environments shall be carried forward for one fiscal year. The purpose
15 of gifts and bequests for patient living and treatment environments and
16 pay telephone revenue is to use additional private funds to provide
17 specific enhancements for individuals residing at state operated
18 facilities. Use of the gifts and bequests shall be consistent with the
19 stipulation of the donor. The expected completion date for the use of
20 gifts and bequests donations is within three years unless otherwise
21 stipulated by the donor.

22 Sec. 307. The department shall provide quarterly reports concerning
23 the department's revenue and expenditure status to the senate and house
24 appropriations subcommittees on mental health, the house and senate
25 fiscal agencies, and the department of management and budget.

26 Sec. 308. The specific amounts indicated in section 101 of this
27 act as restricted revenue for financing appropriations from first/third
28 parties, HHS-HCFA, medicaid, audit exception/cost settlement, CMH -
29 purchase of state services contracts and county revenues are estimates

1 of the proportion of the total amounts expected to be collected, and
2 the department may satisfy any individual restricted revenue deduct
3 amount from the total revenues of all of those revenue sources. A
4 report shall be provided by April 15 to the fiscal agencies and
5 department of management and budget on actual collections by revenue
6 source for each appropriation unit during the previous fiscal year.

7 Sec. 309. The funds appropriated in section 101 for prisoner mental
8 health services are for the assumption of responsibilities for prisoner
9 mental health in accordance with the interdepartmental plan developed
10 in cooperation with the department of corrections. The department is
11 authorized to receive and expend funds from the department of
12 corrections in addition to the appropriations in section 101 to fulfill
13 the obligations outlined in interdepartmental agreements.

14 **COMMUNITY MENTAL HEALTH**

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

18 (2) In addition to the funds appropriated in section 101 for
19 community mental health operations, all funds received by the CMH
20 boards in additional federal funds are appropriated. It is intended
21 that the community mental health boards maximize federal funding
22 sources. CMH boards shall retain, contingent upon actual earnings, the
23 amount of increased federal funds above the amounts authorized in the
24 billable services fiscal year ending September 30, 1995 contracts.
25 With the exception of transactions involving special medicaid adjuster
26 payments, state funding provided in each CMH board's contract shall not
27 be altered as a result of implementation of this section.

28 Sec. 402. (1) Funds appropriated in section 101 are intended to
29 support a system of comprehensive community mental health services

1 under the full authority and responsibility of local county community
2 mental health boards. The department shall ensure that each board
3 provides all of the following:

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

5 (b) A comprehensive range of services that includes prevention and
6 that may include state provided acute and long-term inpatient and
7 residential care.

8 (c) The coordination of inpatient and outpatient hospital services
9 through agreements with state psychiatric hospitals and centers.

10 (d) Individualized plans of service that are sufficient to meet the
11 needs of individuals, including those discharged from psychiatric
12 hospitals or regional centers, and ensure the full range of recipient
13 needs is addressed through the board's program or through assistance
14 with locating and obtaining services.

15 (e) A system of case management to monitor and ensure the provision
16 of services consistent with the individualized plan of services or
17 supports.

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

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

28 (2) The funds appropriated in section 101 for the purchase of state
29 service contracts are for the purchase of state hospital and center

1 services, state administered community residential services, or for
2 approved community-based programs that reduce utilization of state
3 provided services. These funds shall be authorized to community mental
4 health boards based on estimates approved by the department as part of
5 the negotiated contract.

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

11 (4) The department may advance to each community mental health
12 board an amount not to exceed one-fourth of its estimated total
13 collections from medicaid and may establish a separate accounts
14 receivable for the total of these amounts. Advances made pursuant to
15 this subsection shall be repaid in the same fiscal year and before any
16 advance is provided for a subsequent year.

17 (5) Current billing and collection procedures for the net cost of
18 state provided services shall continue as specified in chapter 3 of the
19 mental health code, Act No. 258 of the Public Acts of 1974, being
20 section 330.1300 to 330.1320 of the Michigan Compiled Laws.

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

24 (7) The funds appropriated in section 101 from purchase of state
25 service contracts shall not result in increased costs to counties in
26 excess of the local match required under section 302 of the mental
27 health code, Act No. 258 of the Public Acts of 1974, being section
28 330.1302 of the Michigan Compiled Laws.

29 Sec. 404. The funds appropriated in this act for community mental

1 health programs shall not be used to replace funds no longer available
2 because the local government or community mental health board reduced
3 its base of support for state and local mental health services, as
4 defined in chapter 2 of the mental health code, Act No. 258 of the
5 Public Acts of 1974, being sections 330.1200 to 330.1246 of the
6 Michigan Compiled Laws, below that of the previous year.

7 Sec. 405. (1) Funds appropriated in section 101 for community
8 mental health services may be reserved and carried forward into the
9 subsequent fiscal year by county community mental health boards as part
10 of a planned strategy to assist in dealing with base reductions and
11 unfunded economic increases.

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

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

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

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

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

29 (d) Funding carried forward and not used for the stated purpose

1 shall lapse to the state general fund.

2 Sec. 406. The amount appropriated in section 101 for community
3 mental health services is intended for funding of community mental
4 health service boards in accordance with contracts between the
5 department and the boards for the current fiscal year. The department
6 shall establish such total accounts payable and receivable amounts as
7 may be appropriate to represent the expected final state obligation for
8 all such contracts. After final review of the expenditure reports
9 required by the contracts, any amounts advanced to the board which are
10 returned to the department and any amounts paid to the boards in
11 accordance with the provisions of the contracts shall be considered to
12 be adjustments to the program expenditures for the prior fiscal year.
13 These prior year transactions shall be recorded in a separate account
14 established for that purpose. Community mental health programs prior
15 year revenue recognized in the current fiscal year may be restricted to
16 finance related prior year expenditures not previously recorded.

17 Sec. 407. Each CMH board shall maintain a waiting list of persons
18 waiting to receive mental health services who meet the following
19 criteria:

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

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

24 (c) The person is determined not to be in need of immediate,
25 emergency, or crisis intervention services.

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

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

1 Sec. 408. The funds appropriated in section 101 for expanding
2 community mental health services through the reduced utilization of
3 state facilities represent a transfer of resources resulting from
4 census and state hospital or center reductions. The appropriated
5 amount of \$24,735,100.00 is based upon full-year cost savings at state
6 hospitals and centers.

7 Sec. 409. (1) The local county match obligation appropriated in
8 section 101 may be met by CMH boards using funds appropriated to the
9 department of social services in a line item entitled special medicaid
10 adjuster payments, under the following conditions:

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

13 (b) The base year is defined as the state fiscal year immediately
14 preceding the implementation of the special medicaid adjuster payment
15 program.

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

22 Sec. 410. Unexpended and unencumbered amounts and accompanying
23 expenditure authorization remaining on September 30, 1996 from the
24 \$9,661,600.00 appropriated in section 101 for community demand may be
25 carried forward for two fiscal years as a work project. The purpose
26 and method of this work project is to respond to community demand by
27 providing community residential and alternative services to individuals
28 with developmental disabilities through community mental health boards.
29 The expected completion date is September 30, 1998.

1 COMMUNITY RESIDENTIAL SERVICES

2 Sec. 501. The funds appropriated in section 101 for community
3 residential services programs may be used for basic care in cases where
4 individuals are not eligible to receive social security benefits and
5 are not otherwise capable of supporting themselves out of their own
6 resources. Funds may be used for aftercare services or to prevent
7 admissions to state hospitals and centers through residential and
8 support services. Expenditures and allocations may be authorized for
9 community mental health boards and state hospitals, centers, and
10 placement agencies.

11 Sec. 502. The department shall not enter into new contracts with
12 private attorneys for legal services for the purposes of gaining and
13 maintaining occupancy to a specialized residential facility. The
14 department may enter into a contract with the protection and advocacy
15 service, authorized under section 931 of the mental health code, Act
16 No. 258 of the Public Acts of 1974, being section 330.1931 of the
17 Michigan Compiled Laws, or a similar organization to provide legal
18 services for purposes of gaining and maintaining occupancy in a
19 specialized residential facility which is under lease or contract with
20 the department or a community mental health board to provide services
21 to persons with mental illness or developmental disability. State
22 funds shall not be used for legal services to represent private
23 investors purchasing homes for these purposes.

24 INSTITUTIONAL SERVICES, HOSPITALS, AND CENTERS

25 Sec. 601. In addition to the amounts appropriated in section 101,
26 revenues from work activity centers and the sale of sheltered workshop
27 services and products are appropriated to be expended for supplies,
28 equipment, and other costs associated with the maintenance of the
29 sheltered workshop program, excluding costs of compensating state

1 classified employees. The unspent balance on the last day of the fiscal
2 year ending September 30, 1996 shall be carried forward into the
3 subsequent fiscal year. The funds carried forward shall be used for
4 supplies, equipment, and other costs associated with maintaining
5 sheltered workshop programs excluding the costs of compensating state
6 classified employees. The total estimated cost of the program is
7 \$1,250,000.00 and specific project expenditures are to be completed by
8 September 30, 1997.

9 Sec. 602. From funds appropriated for workers' compensation, the
10 department may make payments in lieu of workers' compensation payments
11 for wage/salary and related fringe benefits for employees who return to
12 work under limited duty assignments. Employees returning to work under
13 limited duty assignments and who are funded under this subsection will
14 be in addition to the facility's existing staffing authorization.

15 Sec. 603. In addition to expending funds appropriated in section
16 101 for state psychiatric hospitals, centers, and residential
17 services, the department is authorized, contingent upon the approval of
18 the department of management and budget, to do both of the following:

19 (a) Expend restricted funds earned above revenue appropriated for
20 community mental health purchase of state services contracts, first/
21 third party revenues, audit exception/cost settlement or title XIX
22 revenues excluding medicaid disproportionate share payment revenue or
23 other special medicaid adjuster payments.

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