

**SUBSTITUTE FOR  
SENATE BILL NO. 908**

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 1999; 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:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 1999, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**SB 908, As Passed Senate, March 25, 1998**

SB 908 as amended March 24, 1998

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For Fiscal Year Ending  
September 30, 1999

1	<b>DEPARTMENT OF COMMUNITY HEALTH</b>		
2	Full-time equated unclassified positions.....	7.0	
3	Full-time equated classified positions.....	6,286.5	
4	Average population.....	<u>1,478.0</u>	
5	GROSS APPROPRIATION.....	\$	7,482,309,400
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers.....	\$	69,711,600
9	ADJUSTED GROSS APPROPRIATION.....	\$	7,412,597,800
10	Federal revenues:		
11	Total federal revenues.....		3,652,728,100
12	Special revenue funds:		
13	Total local revenues.....		904,686,800
14	Total private revenues.....		45,929,900
15	Total other state restricted revenues.....		287,960,400
16	State general fund/general purpose.....	\$	2,521,292,600
17	<b>Sec. 102. DEPARTMENTWIDE ADMINISTRATION</b>		
18	Full-time equated unclassified positions.....	7.0	
19	Full-time equated classified positions.....	489.7	
20	Director and other unclassified--7.0 FTE positions...	\$	540,200
21	Community health advisory council.....		28,900
22	Departmental administration and management --479.7		
23	FTE positions.....		45,685,000
24	Worker's compensation program--1.0 FTE position.....		13,277,900
25	Rent.....		3,234,300
26	Building occupancy charges.....		3,153,300

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1	Developmental disabilities council and projects--9.0		
2	FTE positions.....		<u>2,259,700</u>
3	GROSS APPROPRIATION.....	\$	68,179,300
4	Appropriated from:		
5	Interdepartmental grant revenues:		
6	Interdepartmental grant from the department of trea-		
7	sury, Michigan state hospital finance authority....		92,600
8	Intradepartmental transfer - automated data process-		
9	ing charges.....		3,510,400
10	Federal revenues:		
11	Total federal revenues.....		14,080,200
12	Special revenue funds:		
13	Private funds.....		20,800
14	Total other state restricted revenues.....		3,280,500
15	State general fund/general purpose.....	\$	47,194,800
16	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION</b>		
17	<b>AND SPECIAL PROJECTS</b>		
18	Full-time equated classified positions.....123.2		
19	Mental health/substance abuse program		
20	administration--114.2 FTE positions.....	\$	9,639,600
21	Consumer involvement program.....		166,600
22	Gambling addiction.....		3,000,000
23	Southwest community partnership.....		1,997,200
24	Protection and advocacy services support.....		818,300
25	Mental health initiatives for older persons.....		1,165,800
26	Purchase of psychiatric residency training.....		3,635,100

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1	Community residential and support services for		
2	persons with developmental disabilities--9.0 FTE		
3	positions.....		8,450,900
4	Highway safety projects.....		337,200
5	Federal and other special projects.....		<u>10,564,800</u>
6	GROSS APPROPRIATION.....	\$	39,775,500
7	Appropriated from:		
8	Federal revenues:		
9	Total federal revenues.....		14,787,500
10	Special revenue funds:		
11	Total other state restricted revenues.....		3,182,300
12	State general fund/general purpose.....	\$	21,805,700
13	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>		
14	<b>PROGRAMS</b>		
15	Full-time equated classified positions.....14.0		
16	Community mental health programs.....	\$	1,276,893,800
17	Respite services.....		3,000,000
18	CMHSP-purchase of state services contracts.....		<u>160,013,800</u>
19	Children's waiver program.....		100
20	Omnibus reconciliation act implementation--9.0 FTE		
21	positions.....		12,388,700
22	Federal mental health block grant--2.0 FTE positions.		10,847,000
23	Pilot projects in prevention for adults and		
24	children--2.0 FTE positions.....		1,516,200
25	Homelessness formula grant program--1.0 FTE position.		1,091,800
26	Community substance abuse prevention, education and		
27	treatment programs.....		<u>84,240,400</u>

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1	GROSS APPROPRIATION.....	\$	1,549,991,800
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		525,330,100
5	Special revenue funds:		
6	Total other state restricted revenues.....		6,242,400
7	State general fund/general purpose.....	\$	1,018,419,300
8	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH</b>		
9	<b>DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH</b>		
10	<b>SERVICES</b>		
11	Total average population.....		1,478.0
12	Full-time equated classified positions.....		4,753.0
13	Caro regional mental health center-psychiatric		
14	hospital-adult--452.0 FTE positions.....	\$	28,438,900
15	Average population.....		180.0
16	Kalamazoo psychiatric hospital-adult--402.0 FTE		
17	positions.....		26,385,200
18	Average population.....		130.0
19	Northville psychiatric hospital-adult--892.0 FTE		
20	positions.....		60,905,300
21	Average population.....		350.0
22	Walter P. Reuther psychiatric hospital-adult--492.0		
23	FTE positions.....		33,908,000
24	Average population.....		210.0
25	Hawthorn center psychiatric hospital-children and		
26	adolescents--293.0 FTE positions.....		19,025,900

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1	Average population.....	118.0	
2	Mount Pleasant center-developmental		
3	disabilities--510.0 FTE positions.....		30,114,700
4	Average population.....	210.0	
5	Southgate center-developmental disabilities--256.0		
6	FTE positions.....		15,928,600
7	Average population.....	70.0	
8	Center for forensic psychiatry--482.0 FTE positions..		32,021,300
9	Average population.....	210.0	
10	Center for forensic psychiatry-outpatient		
11	evaluation--40.0 FTE positions.....		3,246,500
12	Forensic mental health services provided to the		
13	department of corrections--921.0 FTE positions.....		65,283,100
14	Revenue recapture.....		750,000
15	IDEA, federal special education.....		92,000
16	Special maintenance and equipment.....		959,000
17	Purchase of medical services for residents of hospi-		
18	tals and centers.....		2,374,000
19	Closed site, transition, and severance pay--13.0 FTE		
20	positions.....		3,451,500
21	Maintenance of property being leased or rented.....		95,000
22	Gifts and bequests for patient living and treatment		
23	environment.....		<u>2,000,000</u>
24	GROSS APPROPRIATION.....		\$ 324,979,000
25	Appropriated from:		
26	Interdepartmental grant revenues:		

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1	Interdepartmental grant from the department of	
2	corrections.....	65,283,100
3	Federal revenues:	
4	Total federal revenues.....	28,953,100
5	Special revenue funds:	
6	CMHSP-Purchase of state services contracts.....	157,407,400
7	Other local revenues.....	15,389,000
8	Private funds.....	2,000,000
9	Total other state restricted revenues.....	15,987,800
10	State general fund/general purpose..... \$	39,958,600
11	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
12	Full-time equated classified positions.....88.3	
13	Executive administration--15.5 FTE positions..... \$	1,271,300
14	Minority health grants and contracts.....	650,000
15	Vital records and health statistics--72.8 FTE	
16	positions.....	<u>5,606,700</u>
17	GROSS APPROPRIATION..... \$	7,528,000
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from family independence	
21	agency.....	133,300
22	Federal revenues:	
23	Total federal revenues.....	2,719,300
24	Special revenue funds:	
25	Total other state restricted revenues.....	1,704,600
26	State general fund/general purpose..... \$	2,970,800

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1	<b>Sec. 107. INFECTIOUS DISEASE CONTROL</b>		
2	Full-time equated classified positions.....	34.5	
3	AIDS prevention, testing and care programs.....		\$ 19,259,800
4	Immunization programs--7.7 FTE positions.....		17,656,200
5	Sexually transmitted disease control programs--26.8		
6	FTE positions.....		<u>4,884,400</u>
7	GROSS APPROPRIATION.....		\$ 41,800,400
8	Appropriated from:		
9	Federal revenues:		
10	Total federal revenues.....		30,632,400
11	Special revenue funds:		
12	Local funds.....		242,700
13	Private funds.....		480,000
14	Total other state restricted revenues.....		6,883,200
15	State general fund/general purpose.....		\$ 3,562,100
16	<b>Sec. 108. LABORATORY SERVICES</b>		
17	Full-time equated classified positions.....	118.2	
18	Laboratory services administration--118.2 FTE		
19	positions.....		\$ 10,307,500
20	Lyme disease.....		<u>75,000</u>
21	GROSS APPROPRIATION.....		\$ 10,382,500
22	Appropriated from:		
23	Interdepartmental grant revenues:		
24	Interdepartmental grant from corrections.....		232,600
25	Interdepartmental grant from environmental quality...		379,000
26	Federal revenues:		

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1	Total federal revenues.....		1,139,700
2	Special revenue funds:		
3	Total other state restricted revenues.....		2,467,900
4	State general fund/general purpose.....	\$	6,163,300
5	<b>Sec. 109. EPIDEMIOLOGY</b>		
6	Full-time equated classified positions.....	31.5	
7	AIDS surveillance and prevention program--	7.0 FTE	
8	positions.....		\$ 2,234,800
9	Disease surveillance--3.4 FTE positions.....		368,000
10	Epidemiology administration--21.1 FTE positions.....		3,666,600
11	Tuberculosis control and recalcitrant AIDS program...		<u>699,500</u>
12	GROSS APPROPRIATION.....	\$	6,968,900
13	Appropriated from:		
14	Interdepartmental grant revenues:		
15	Interdepartmental grant from the department of envi-		
16	ronmental quality.....		80,600
17	Federal revenues:		
18	Total federal revenues.....		4,873,700
19	Special revenue funds:		
20	Total other state restricted revenues.....		81,000
21	State general fund/general purpose.....	\$	1,933,600
22	<b>Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>		
23	Full-time equated classified positions.....	3.0	
24	Implementation of Act 133, P.A. 1993.....		\$ 100,000
25	Lead abatement program--3.0 FTE positions.....		4,900,000
26	Local health services.....		142,300

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1	Local public health operations.....	100
2	Medical services cost reimbursement to local health	
3	departments.....	1,800,000
4	Special populations health care.....	620,600
5	State/local cost sharing.....	37,322,800
6	Training and evaluation.....	<u>320,000</u>
7	GROSS APPROPRIATION..... \$	45,205,800
8	Appropriated from:	
9	Federal revenues:	
10	Total federal funds.....	6,855,500
11	Special revenue funds:	
12	Total other state restricted revenues.....	243,500
13	State general fund/general purpose..... \$	38,106,800
14	<b>Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH</b>	
15	<b>PROMOTION</b>	
16	Full-time equated classified positions.....33.7	
17	AIDS and risk reduction clearinghouse and media	
18	campaign..... \$	1,700,000
19	Alzheimer's information network.....	150,000
20	Cancer prevention and control program--13.6 FTE	
21	positions.....	13,393,700
22	Chronic disease prevention.....	1,496,800
23	Diabetes local agreements.....	2,909,900
24	Employee wellness program grants (includes \$50.00 per	
25	diem and expenses for the risk reduction and AIDS	
26	policy commission).....	4,250,000

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1	Health education, promotion, and research	
2	programs--11.9 FTE positions.....	1,909,400
3	Injury control intervention project.....	437,300
4	Physical fitness, nutrition, and health.....	1,250,000
5	Public health traffic safety coordination.....	152,600
6	School health and education programs.....	2,080,000
7	Smoking prevention program--6.2 FTE positions.....	7,176,700
8	Violence prevention--2.0 FTE positions.....	<u>2,846,600</u>
9	GROSS APPROPRIATION.....	\$ 39,753,000
10	Appropriated from:	
11	Federal revenues:	
12	Total federal funds.....	12,029,700
13	Special revenue funds:	
14	Total other state restricted revenues.....	24,952,400
15	State general fund/general purpose.....	\$ 2,770,900
16	<b>Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES</b>	
17	Full-time equated classified positions.....119.8	
18	Adolescent health care services.....	\$ 2,892,300
19	Community living, children, and families	
20	administration--114.3 FTE positions.....	13,249,300
21	Dental programs.....	411,400
22	Family planning local agreements.....	7,392,600
23	Family support subsidy.....	14,014,400
24	Lead paint program.....	491,800
25	Local MCH services.....	8,354,200
26	Maternal and child health outreach and advocacy	
27	programs.....	6,200,000

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1	Migrant health care.....		166,100
2	Newborn screening follow-up and treatment services...		1,729,400
3	Pediatric AIDS prevention and control.....		800,000
4	Pregnancy prevention program.....		7,296,100
5	Prenatal care outreach and service delivery support..		7,987,900
6	Special projects--5.5 FTE positions.....		3,221,400
7	Sudden infant death syndrome program.....		121,300
8	Women, infants, and children program local agreements		
9	and food costs.....		<u>145,679,200</u>
10	GROSS APPROPRIATION.....	\$	220,007,400
11	Appropriated from:		
12	Federal revenues:		
13	Total federal revenue.....		146,657,800
14	Special revenue funds:		
15	Private funds.....		41,954,100
16	Total other state restricted revenues.....		7,722,200
17	State general fund/general purpose.....	\$	23,673,300
18	<b>Sec. 113. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>		
19	Full-time equated classified positions.....66.6		
20	Program administration--66.6 FTE positions.....	\$	4,983,200
21	Amputee program.....		184,600
22	Bequests for care and services.....		1,104,600
23	Case management services.....		3,923,500
24	Conveyor contract.....		559,100
25	Medical care and treatment.....		<u>117,433,700</u>
26	GROSS APPROPRIATION.....	\$	128,188,700

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1	Appropriated from:		
2	Federal revenues:		
3	Total federal revenue.....		57,934,300
4	Special revenue funds:		
5	Private bequests.....		750,000
6	Total other state restricted revenues.....		3,898,500
7	State general fund/general purpose.....	\$	65,605,900
8	<b>Sec. 114. OFFICE OF DRUG CONTROL POLICY</b>		
9	Full-time equated classified positions.....13.0		
10	Drug control policy--13.0 FTE positions.....	\$	1,533,900
11	Anti-drug abuse grants.....		<u>33,400,000</u>
12	GROSS APPROPRIATION.....	\$	34,933,900
13	Appropriated from:		
14	Federal revenues:		
15	Total federal revenue.....		34,760,200
16	State general fund/general purpose.....	\$	173,700
17	<b>Sec. 115. CRIME VICTIM SERVICES COMMISSION</b>		
18	Full-time equated classified positions.....9.0		
19	Grants administration services--9.0 FTE positions....	\$	651,900
20	Justice assistance grants.....		7,900,000
21	Crime victim rights services grants.....		<u>5,898,100</u>
22	GROSS APPROPRIATION.....	\$	14,450,000
23	Appropriated from:		
24	Federal revenues:		
25	Total federal revenue.....		8,829,300
26	Special revenue funds:		

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1	Total other state restricted revenues.....		5,126,700
2	State general fund/general purpose.....	\$	494,000
3	<b>Sec. 116. OFFICE OF SERVICES TO THE AGING</b>		
4	Full-time equated classified positions.....	36.5	
5	Commission (per diem \$50.00).....	\$	10,500
6	Office of services to aging administration--	36.5 FTE	
7	positions.....		3,641,400
8	Community services.....		24,163,400
9	Nutrition services.....		28,185,700
10	Senior volunteer services.....		5,461,500
11	Employment assistance.....		2,632,700
12	DAG commodity supplement.....		6,978,800
13	Michigan pharmaceutical program.....		6,000,000
14	Respite care program.....		<u>3,500,000</u>
15	GROSS APPROPRIATION.....	\$	80,574,000
16	Appropriated from:		
17	Federal revenues:		
18	Total federal revenue.....		39,171,400
19	Special revenue funds:		
20	Total private revenue.....		125,000
21	Total other state restricted revenue.....		10,000,700
22	State general fund/general purpose.....	\$	31,276,900
23	<b>Sec. 117. MEDICAL SERVICES ADMINISTRATION</b>		
24	Full-time equated classified positions.....	352.5	
25	Medical services administration--	352.5 FTE positions.	\$ 42,081,000
26	Data processing contractual services.....		100

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1	Facility inspection contract - state police.....		132,800
2	Michigan essential health care provider.....		1,229,100
3	Primary care services.....		<u>2,190,600</u>
4	GROSS APPROPRIATION.....	\$	45,633,600
5	Appropriated from:		
6	Federal revenues:		
7	Total federal revenues.....		27,922,200
8	Special revenue funds:		
9	Private funds.....		100,000
10	Total other state restricted revenues.....		752,600
11	State general fund/general purpose.....	\$	16,858,800
12	<b>Sec. 118. MEDICAL SERVICES</b>		
13	Medical services - noncapitated.....	\$	1,149,911,800
14	Hospital disproportionate share payments.....		45,000,000
15	Medicare premium payments.....		104,372,400
16	Transportation.....		4,358,900
17	Long-term care services.....		923,953,200
18	Long-term care wage pass-through.....		100
19	Substance abuse services.....		14,880,500
20	Health plan services.....		1,246,728,000
21	MIChild program.....		65,222,700
22	Adult home help/personal care services.....		162,741,200
23	Maternal and child health.....		9,234,500
24	Social services to the physically disabled.....		1,344,900
25	Subtotal basic medical services program.....		3,727,748,200
26	Outpatient hospital adjustor.....		44,012,800

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1	Indigent medical care program.....	24,047,200
2	School based services.....	142,782,300
3	Special adjustor payments.....	885,367,100
4	Subtotal special medical services payments.....	<u>1,096,209,400</u>
5	GROSS APPROPRIATION..... \$	4,823,957,600
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	2,696,051,700
9	Special revenue funds:	
10	Local revenues.....	731,647,700
11	Private funds.....	500,000
12	Tobacco company litigation fund.....	50,000
13	Total other state restricted revenues.....	195,384,100
14	State general fund/general purpose..... \$	1,200,324,100

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PART 2

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PROVISIONS CONCERNING APPROPRIATIONS

19 GENERAL SECTIONS

20 Sec. 201. (1) Pursuant to section 30 of article IX of the state  
21 constitution of 1963, total state spending in part 1 from state sources  
22 for fiscal year 1998-99 is estimated at \$2,809,253,000.00. The itemized  
23 statement below identifies appropriations from which spending to units of  
24 local government will occur:

25 DEPARTMENTWIDE ADMINISTRATION

26	Departmental administration and management..... \$	1,618,000
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1	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
2	PROGRAMS	
3	Homelessness formula grant program-state match.....	708,800
4	Pilot projects in prevention for adults and	
5	children.....	1,211,200
6	Community substance abuse prevention, education,	
7	and treatment programs.....	17,519,700
8	Community mental health programs.....	816,062,000
9	Respite services.....	3,000,000
10	OBRA implementation.....	2,459,100
11	INFECTIOUS DISEASE CONTROL	
12	AIDS prevention, testing, and care programs.....	1,466,800
13	Sexually transmitted disease control programs.....	452,900
14	LOCAL HEALTH ADMINISTRATION AND GRANTS	
15	Local public health operations.....	100
16	Special population health care.....	29,600
17	State/local cost sharing.....	37,322,800
18	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
19	PROMOTION	
20	Cancer prevention and control program.....	397,000
21	Diabetes local agreements.....	1,275,000
22	Employee wellness program grants.....	1,545,100
23	School health curriculum.....	2,000,000
24	Smoking prevention program.....	2,880,000
25	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
26	Adolescent health care services.....	1,358,000

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1	Family planning local agreements.....	1,230,300
2	Family support subsidy.....	7,006,900
3	Local MCH services.....	246,100
4	Pregnancy prevention program.....	2,511,800
5	Prenatal care outreach and service delivery support..	3,190,000
6	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
7	Case management services.....	1,433,200
8	MEDICAL SERVICES	
9	Indigent medical program.....	1,383,800
10	Hospital disproportionate share payments.....	18,000,000
11	Medical services - noncapitated.....	31,324,600
12	Transportation.....	184,500
13	Health plan services.....	54,575,700
14	OFFICE OF SERVICES TO THE AGING	
15	Community services.....	11,621,400
16	Nutrition services.....	12,363,000
17	Senior volunteer services.....	3,945,300
18	Michigan emergency pharmaceutical program.....	140,000
19	Respite care program.....	<u>3,500,000</u>
20	TOTAL OF PAYMENTS TO LOCAL UNITS	
21	OF GOVERNMENT.....	\$ 1,043,962,700

22 (2) If it appears to the principal executive officer of a department  
23 or branch that state spending to local units of government will be less  
24 than the amount that was projected to be expended under subsection (1),  
25 the principal executive officer shall immediately give notice of the  
26 approximate shortfall to the state budget director.

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1       Sec. 202. The expenditures and funding sources authorized under  
2 this act are subject to the management and budget act, 1984 PA 431,  
3 MCL 18.1101 to 18.1594.

4       Sec. 203. Funds for which the state is acting as the custodian or  
5 agent are not subject to annual appropriation.

6       Sec. 204. As used in this act:

7       (a) "AIDS" means acquired immunodeficiency syndrome.

8       (b) "CMH" means community mental health.

9       (c) "CMHSP" means a community mental health service program as that  
10 term is defined in section 100a of the mental health code, 1974 PA 258,  
11 MCL 330.1100a.

12       (d) "DAG" means the United States department of agriculture.

13       (e) "Department" or "MDCH" means the Michigan department of  
14 community health.

15       (f) "DSH" means disproportionate share hospital.

16       (g) "EPSDT" means early and periodic screening, diagnosis, and  
17 treatment.

18       (h) "FTE" means full-time equated position.

19       (i) "GME" means graduate medical education.

20       (j) "HIV" means human immunodeficiency virus.

21       (k) "IDEA" means individuals with disabilities education act.

22       (l) "IDG" means interdepartmental grant.

23       (m) "IDT" means intradepartmental transfer.

24       (n) "MCH" means maternal and child health.

25       (o) "Qualified health plan" means, at a minimum, an organization  
26 that meets the criteria for delivering the comprehensive package of  
27 services under the department's comprehensive health plan.

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1 (p) "Title X" means title X of the public health services act, 300  
2 U.S.C. 1001.

3 (q) "Title XVIII" means title XVIII of the social security act,  
4 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2,  
5 1395c to 1395i, 1395i-2 to 1395i-4, 1395j to 1395t, 1395u to 1395w-2,  
6 1395w-4 to 1395zz, and 1395bbb to 1395ccc.

7 (r) "Title XIX" means title XIX of the social security act, chapter  
8 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396g, and 1396i to  
9 1396s.

10 (s) "Title XX" means title XX of the social security act, chapter  
11 531, 49 Stat. 620, 42 U.S.C. 1397 to 1397f.

12 Sec. 206. (1) Beginning October 1, 1998, there is a hiring freeze  
13 imposed on the state classified civil service. State departments and  
14 agencies are prohibited from hiring any new full-time state classified  
15 civil service employees and prohibited from filling any vacant state  
16 classified civil service positions. This hiring freeze does not apply to  
17 internal transfers of classified employees from 1 position to another  
18 within a department or to positions that are funded with 80% or more fed-  
19 eral or restricted funds.

20 (2) The state budget director shall grant exceptions to this hiring  
21 freeze when the state budget director believes that the hiring freeze  
22 will result in the state department or agency being unable to deliver  
23 basic services. The state budget director shall report by the fifteenth  
24 of each month to the chairpersons of the senate and house appropriations  
25 committees the number of exclusions to the hiring freeze approved during  
26 the previous month and the justification for the exclusion.

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1       Sec. 207. If the revenue collected by the department from fees and  
2 collections exceeds the amount appropriated in part 1, the revenue may be  
3 carried forward into the subsequent fiscal year. The revenue carried  
4 forward under this section shall be used as the first source of funds in  
5 the subsequent fiscal year.

6       Sec. 208. Except as provided in section 111b(11) of the social wel-  
7 fare act, 1939 PA 280, MCL 400.111b, relative to medical services provid-  
8 ers, the department shall not pay for a billing received from a contrac-  
9 tor or service provider that is submitted more than 12 months after the  
10 bill for a good or service is provided.

11       Sec. 209. (1) From the amounts appropriated in part 1, no greater  
12 than the following amounts are supported with federal maternal and child  
13 health, preventive health and health services, substance abuse block  
14 grant, healthy Michigan fund, and Michigan health initiative funds:

15    (a) Maternal and child health block grant.....	\$	20,552,000.
16    (b) Preventive health and health services block grant	\$	4,982,300.
17    (c) Substance abuse block grant.....	\$	60,757,700.
18    (d) Healthy Michigan funds.....	\$	35,311,000.
19    (e) Michigan health initiative.....	\$	9,600,000.

20       (2) On or before February 1, 1999, the department shall report to  
21 the house and senate appropriations subcommittees on community health,  
22 the house and senate fiscal agencies, and the state budget director on  
23 the detailed name and amounts of federal, restricted, private, and local  
24 sources of revenue that support the appropriations in each of the line  
25 items in part 1 of this act.

26       (3) Upon the release of the fiscal year 1999-2000 executive budget  
27 recommendation, the department shall report to the same parties in

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1 subsection (2) on the amounts and detailed sources of federal,  
2 restricted, private, and local revenue proposed to support the total  
3 funds appropriated in each of the line items in part 1 of the fiscal year  
4 1999-2000 executive budget proposal.

5 (4) The department shall provide to the same parties in subsection  
6 (2) all revenue source detail for consolidated revenue line item detail  
7 upon request to the department.

8 Sec. 210. The state departments, agencies, and commissions receiv-  
9 ing tobacco tax funds from part 1 shall report by December 31, 1998, to  
10 the senate and house appropriations committees, the senate and house  
11 fiscal agencies, and the state budget director on the following:

12 (a) Detailed spending plan by appropriation line item including  
13 description of programs and allocation of funds.

14 (b) An annual report on services provided and outcomes achieved the  
15 previous year.

16 Sec. 211. The use of state restricted tobacco tax revenue received  
17 for the purpose of tobacco prevention, education, and reduction efforts  
18 and deposited in the healthy Michigan fund shall not be used for lobbying  
19 as defined in 1978 PA 472, MCL 4.411 to 4.431.

20 Sec. 212. The department of civil service shall bill departments  
21 and/or agencies at the end of the first fiscal quarter for the 1% charges  
22 authorized by section 5 of article XI of the state constitution of 1963.  
23 Payments shall be made for the total amount of the billing by the end of  
24 the second fiscal quarter.

25 Sec. 213. On October 1, 1998 and April 1, 1999, the department  
26 shall make a list available of reports to be prepared pursuant to the  
27 provisions of this act. The list shall be distributed to house and

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1 senate appropriations subcommittees on community health, house and senate  
2 fiscal agencies, house and senate central staffs, and the state budget  
3 director. The listed parties may request copies of reports from the list  
4 and submit the request back to the department. The department shall pro-  
5 vide copies of the requested reports no later than the date the report is  
6 due to those persons requesting the reports.

7       Sec. 214. The source of funding for the part 1 appropriation for  
8 the Arab-American and Chaldean council, and ACCESS primary care services  
9 is the federal preventive health and health services block grant.

10       Sec. 215. (1) In addition to funds appropriated in part 1 for all  
11 programs and services, there is appropriated for write-offs of accounts  
12 receivable, deferrals, and for prior year obligations in excess of appli-  
13 cable prior year appropriations, an amount equal to total write-offs and  
14 prior year obligations, but not to exceed amounts available in prior year  
15 revenues.

16       (2) The department's ability to satisfy appropriation deductions in  
17 part 1 shall not be limited to collections and accruals pertaining to  
18 services provided in fiscal year 1998-99, but shall also include reim-  
19 bursements, refunds, adjustments, and settlements from prior years.

20       (3) The department shall report promptly to the house and senate  
21 appropriations subcommittees on community health on all reimbursements,  
22 refunds, adjustments, and settlements from prior years.

23       Sec. 216. (1) The director shall take all reasonable steps to  
24 ensure businesses in deprived and depressed communities compete for and  
25 perform contracts to provide services or supplies, or both, for the  
26 department.

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1           (2) The director shall strongly encourage firms with which the  
2 department contracts to subcontract with certified businesses in  
3 depressed and deprived communities for services or supplies, or both.

4           Sec. 217. Funds appropriated in part 1 shall not be used for the  
5 purchase of foreign goods and/or services when competitively priced and  
6 of comparable quality American goods and/or services are available.

7           Sec. 218. The department shall provide a report on the progress of  
8 medicaid managed mental health services to the members of the senate and  
9 house appropriations subcommittees on community health, the senate com-  
10 mittee on families, mental health, and human services, and the house com-  
11 mittee on mental health by September 30, 1999. The report shall summa-  
12 rize actions taken by the department community mental health services  
13 programs and substance abuse coordinating agency networks to implement  
14 these specialized managed care programs, and shall include summary infor-  
15 mation on inpatient and partial hospitalization and costs, access to  
16 services, and summary information on consumer satisfaction measures.

17           Sec. 220. (1) The department shall submit to the state budget  
18 director, the house and senate appropriations committees, the house and  
19 senate fiscal agencies and the house and senate standing committees  
20 having jurisdiction over technology issues, periodic reports on the  
21 department's efforts to change the department's computer software and  
22 hardware as necessary to perform properly in the year 2000 and beyond.  
23 These reports shall identify actual progress in comparison to the  
24 department's approved work plan for these efforts.

25           (2) The department may present progress billings to the department  
26 of management and budget for the costs incurred in changing computer  
27 software and hardware as necessary to perform properly in the year 2000

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1 and beyond. At the time progress billings are presented for  
2 reimbursement, the department shall identify and forward as appropriate  
3 the funding sources that should support the work performed.

4 Sec. 222. (1) In addition to the funds appropriated in part 1,  
5 there is appropriated an amount not to exceed \$100,000,000.00 for federal  
6 contingency funds. These funds are not available for expenditure until  
7 they have been transferred to another line item in this act pursuant to  
8 section 393(2) of the management and budget act, 1984 PA 431,  
9 MCL 18.1393.

10 (2) In addition to the funds appropriated in part 1, there is appro-  
11 priated an amount not to exceed \$10,000,000.00 for state restricted con-  
12 tingency funds. These funds are not available for expenditure until they  
13 have been transferred to another line item in this act pursuant to sec-  
14 tion 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

15 (3) In addition to the funds appropriated in part 1, there is appro-  
16 priated an amount not to exceed \$10,000,000.00 for local contingency  
17 funds. These funds are not available for expenditure until they have  
18 been transferred to another line item in this act pursuant to section  
19 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

20 (4) In addition to the funds appropriated in part 1, there is appro-  
21 priated an amount not to exceed \$10,000,000.00 for private contingency  
22 funds. These funds are not available for expenditure until they have  
23 been transferred to another line item in this act pursuant to section  
24 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

25 Sec. 223. Basic health services for the fiscal year beginning  
26 October 1, 1998, for the purpose of part 23 of the public health code,  
27 1978 PA 368, MCL 333.2301 to 333.2321, are those described by the

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1 department in its proposed program statement dated October 16, 1981, and  
2 in the "prenatal postpartum care, proposed basic health service program  
3 statement" included in the department document entitled "A Study of  
4 Prenatal Care as a Basic Service," dated March 1, 1986, and for which the  
5 legislature has made funds available in amounts necessary to ensure their  
6 availability and accessibility. The services described in the statement  
7 are: immunizations, communicable disease control, venereal disease con-  
8 trol, tuberculosis control, prevention of gonorrhea eye infection in new-  
9 borns, screening newborns for phenylketonuria, screening newborns for  
10 hypothyroidism, health/medical annex of emergency preparedness plan,  
11 licensing and surveillance of agricultural labor camps, and prenatal  
12 care.

13       Sec. 224. The department may contract with the Michigan public  
14 health institute for the design and implementation of projects and for  
15 other public health related activities prescribed in section 2611 of the  
16 public health code, 1978 PA 368, MCL 333.2611. The department may  
17 develop a master agreement with the institute for up to a 3-year period  
18 to carry out these purposes. The department shall report on projects to  
19 be carried out by the institute, expected project duration, and project  
20 cost by November 1, 1998 and May 1, 1999 to the house and senate appro-  
21 priations subcommittees on community health, senate and house fiscal  
22 agencies, and the state budget director. If the reports are not received  
23 by the specified dates, no funds shall be disbursed. For the purposes of  
24 this section, the Michigan public health institute shall be considered a  
25 public health agency.

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1           Sec. 225. No funds appropriated in part 1 shall be expended for  
2 media activities regarding the alleged dangers of naturally occurring  
3 radon gas.

4           Sec. 227. The department may receive and expend funds dedicated to  
5 the establishment of programs for education, research and treatment serv-  
6 ices related to pathological gambling addictions.

7           Sec. 228. By November 1, 1998, the department shall report to the  
8 senate and house appropriations subcommittees on community health, the  
9 senate and house fiscal agencies, and the state budget director the  
10 budget detail for the line items that have been consolidated in the  
11 fiscal year 1998-99 appropriation bill. The budget detail shall include  
12 the amounts allocated for program elements that correspond to the line  
13 items as contained in the fiscal year 1997-98 appropriation bill as well  
14 as planned allocations to local agencies by program element. On a quar-  
15 terly basis, the department shall report expenditures in the same format  
16 as the budgeted detail, and provide copies of any allocation changes made  
17 during the course of the fiscal year.

          Sec. 229. The department shall receive and retain copies of all reports  
funded from the appropriations in part 1.

          Sec. 230. (1) The department shall create a task force to study the use of  
methylphenidate (ritalin) in students in Michigan schools.

(2) The task force shall be comprised of individuals from each of the  
following groups:

(a) one representative from the department of community health.

(b) one representative from the department of education.

(c) two physicians.

(d) two parents.

(e) two teachers.

(f) two from any of the following groups: psychologists, psychiatrists,  
school counselors, social workers, and school nurses.

(3) The department shall report on the findings of the task force by April  
15, 1999 to the senate and house subcommittees on community health and the senate  
and house fiscal agencies.

### 18 **DEPARTMENTWIDE ADMINISTRATION**

19           Sec. 302. From funds appropriated for worker's compensation, the  
20 department may make payments in lieu of worker's compensation payments  
21 for wage/salary and related fringe benefits for employees who return to  
22 work under limited duty assignments. Employees returning to work under  
23 limited duty assignments who are funded under this section will be in  
24 addition to the facility's existing staffing authorization.

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1           Sec. 303. Funds appropriated in part 1 for the community health  
2 advisory council may be used for member per diems of \$50.00 and other  
3 council expenditures.

4           Sec. 305. The department shall provide quarterly reports concerning  
5 the department's revenue and expenditure status to the senate and house  
6 appropriations committees, the house and senate fiscal agencies, and the  
7 state budget director.

8           Sec. 309. The department is prohibited from requiring first-party  
9 payment from individuals or families with a taxable income of \$9,000.00  
10 or less for mental health services.

11           Sec. 310. The specific amounts indicated in sections 103, 104, and  
12 105 of this act as restricted revenue for financing appropriations from  
13 federal, state restricted, local, private, and CMHSP - purchase of state  
14 services contracts are estimates of the proportion of the total amounts  
15 expected to be collected, and the department may satisfy any individual  
16 restricted revenue deduct amount from the total revenues of all of those  
17 revenue sources. A report shall be provided by April 15 to the fiscal  
18 agencies and the state budget director on actual collections by revenue  
19 source for each appropriation unit during the previous fiscal year.

          Sec. 311. The department shall make application for funding under the  
medicare rural hospital flexibility program for planning, network development and  
critical access hospital designation activities.

### 20 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

#### 21 AND SPECIAL PROJECTS

22           Sec. 350. The department shall not enter into new contracts with  
23 private attorneys for legal services for the purposes of gaining and  
24 maintaining occupancy to a specialized residential facility. The  
25 department may enter into a contract with the protection and advocacy

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1 service, authorized under section 931 of the mental health code, 1974  
2 PA 258, MCL 330.1931, or a similar organization to provide legal services  
3 for purposes of gaining and maintaining occupancy in a specialized resi-  
4 dential facility which is under lease or contract with the department or  
5 a community mental health services program board to provide services to  
6 persons with mental illness or developmental disability. State funds  
7 shall not be used for legal services to represent private investors pur-  
8 chasing homes for these purposes.

9 **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**

10 **PROGRAMS**

11 Sec. 401. (1) Funds appropriated in section 104 are intended to  
12 support a system of comprehensive community mental health services under  
13 the full authority and responsibility of local CMHSPs. The department  
14 shall ensure that each board provides all of the following:

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

16 (b) A complete array of mental health services which shall include,  
17 but shall not be limited to, all of the following services: residential  
18 and other individualized living arrangements, outpatient services, acute  
19 inpatient services, and long-term, 24-hour inpatient care in a struc-  
20 tured, secure environment.

21 (c) The coordination of inpatient and outpatient hospital services  
22 through agreements with state-operated psychiatric hospitals, units, and  
23 centers in facilities owned or leased by the state, and privately-owned  
24 hospitals, units, and centers licensed by the state pursuant to sections

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1 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to  
2 330.1149b.

3 (d) Individualized plans of service that are sufficient to meet the  
4 needs of individuals, including those discharged from psychiatric hospi-  
5 tals or centers, and that ensure the full range of recipient needs is  
6 addressed through the CMHSP's program or through assistance with locating  
7 and obtaining services to meet these needs.

8 (e) A system of case management to monitor and ensure the provision  
9 of services consistent with the individualized plan of services or  
10 supports.

11 (f) A system of continuous quality improvement.

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

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

17 Sec. 402. (1) From funds appropriated in section 104, final autho-  
18 rizations to CMHSPs shall be made upon the execution of contracts between  
19 the department and CMHSPs. The contracts shall contain an approved plan  
20 and budget as well as policies and procedures governing the obligations  
21 and responsibilities of both parties to the contracts.

22 (2) The funds appropriated in section 104 for the purchase of state  
23 service contracts are for the purchase of state hospital and center serv-  
24 ices, or for approved community-based programs that reduce utilization of  
25 state provided services. These funds shall be authorized to CMHSPs based  
26 on estimates approved by the department as part of the negotiated  
27 contract.

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

5           (4) Current billing and collection procedures for the net cost of  
6 state provided services shall continue as specified in chapter 3 of the  
7 mental health code, 1974 PA 258, MCL 330.1302 to 330.1320.

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

11           (6) The funds appropriated in section 104 from purchase of state  
12 service contracts shall not result in increased costs to counties in  
13 excess of the local match required under section 302 and section 308 of  
14 the mental health code, 1974 PA 258, MCL 330.1302 and 330.1308.

15           Sec. 406. From the funds appropriated for CMHSP, \$3,360,000.00 will  
16 be directed toward providing multicultural special needs projects.

17           Sec. 407. (1) Not later than May 30 of each fiscal year, the  
18 department shall provide a report on the community mental health services  
19 programs to the members of the house and senate appropriations subcommit-  
20 tees on community health, the house and senate fiscal agencies, and the  
21 state budget director which shall include information required by this  
22 section. This report will be updated to the extent possible, based on  
23 available data, by September 30.

24           (2) The report shall contain information for each community mental  
25 health services board and a statewide summary, each of which shall  
26 include at least the following information:

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1 (a) A demographic description of service recipients which,  
2 minimally, shall include reimbursement eligibility, client population,  
3 age, ethnicity, housing arrangements, and diagnosis.

4 (b) Per capita expenditures by client population group.

5 (c) Financial information which, minimally, shall include a descrip-  
6 tion of funding authorized; expenditures by client group and fund source;  
7 and cost information by service category, including administration.  
8 Service category shall include all department approved services.

9 (d) Data describing service outcomes which shall include but not be  
10 limited to an evaluation of consumer satisfaction, consumer choice, and  
11 quality of life concerns including but not limited to housing and  
12 employment.

13 (e) Information about access to community mental health services  
14 programs which shall include but not be limited to:

15 (i) The number of people receiving requested services.

16 (ii) The number of people who requested services but did not receive  
17 services.

18 (f) The number of second opinions requested under the code and the  
19 determination of any appeals.

20 (g) An analysis of information provided by community mental health  
21 service programs in response to the needs assessment requirements of the  
22 mental health code, including information about the number of persons in  
23 the service delivery system who have requested and are clinically appro-  
24 priate for different services.

25 Sec. 408. (1) By April 10, 1999, the department shall report the  
26 following data from fiscal year 1997-98 on community mental health  
27 services programs to the senate and house appropriations subcommittees on

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1 community health, the senate and house fiscal agencies, and the state  
2 budget director:

3 (a) An estimate of the number of FTEs employed or contracted  
4 directly by the CMHSPs as of September 30, 1998 and an estimate of the  
5 number of FTEs employed through contracts with provider organizations as  
6 of September 30, 1998.

7 (b) Lapses and carryforwards for CMHSPs, including historical lapse  
8 and carryforward data.

9 (c) Contracts for mental health services entered into by CMHSPs with  
10 providers, including amounts and rates, organized by type of service  
11 provided.

12 (2) The department shall include these data reporting requirements  
13 in the annual contract with individual CMHSPs.

14 (3) The department shall take all reasonable actions to ensure that  
15 the requested data reported are complete and consistent among all  
16 CMHSPs.

17 (4) Agencies contracting with CMHSPs shall provide 3 days' notice to  
18 the CMHSP of all committee and full board meetings and shall conduct all  
19 portions of meetings pertaining to CMHSPs funded programs in the same  
20 manner as required for meetings of public bodies under the open meetings  
21 act, 1976 PA 267, MCL 15.261 to 15.275.

22 Sec. 409. The 75 cents per hour per employee wage pass-through for  
23 workers in residential services settings that was funded to CMHSPs begin-  
24 ning January 1, 1998, shall continue to be paid to direct care workers in  
25 fiscal year 1998-99. This wage increase does not apply to workers in  
26 residential settings formerly referred to as "Type A" homes.

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1           Sec. 410. The department shall take steps to ensure that the  
2 administrative costs of purchase of service residential contracts do not  
3 exceed previous levels. The department shall report annually to the  
4 house and senate appropriations subcommittees on community health infor-  
5 mation about administrative and other provider costs.

6           Sec. 411. (1) The funds appropriated in section 104 for the state  
7 disability assistance substance abuse services program shall be used to  
8 support per diem room and board payments in substance abuse residential  
9 facilities. Eligibility of clients for the state disability assistance  
10 substance abuse services program shall include needy persons 18 years of  
11 age or older, or emancipated minors, who reside in a substance abuse  
12 treatment center.

13           (2) The department shall reimburse all licensed substance abuse pro-  
14 grams eligible to participate in the program at a rate equivalent to that  
15 paid by the family independence agency to adult foster care providers.  
16 Programs accredited by department-approved accrediting organizations  
17 shall be reimbursed at the personal care rate, while all other eligible  
18 programs shall be reimbursed at the domiciliary care rate.

19           Sec. 412. (1) The amount appropriated in section 104 for substance  
20 abuse prevention, education, and treatment grants shall be expended for  
21 contracting with coordinating agencies or designated service providers.

22           (2) The department shall establish a fee schedule for providing sub-  
23 stance abuse services and charge participants in accordance with their  
24 ability to pay. The mechanisms and fee schedule shall be developed by  
25 the department with input from substance abuse coordinating agencies.

26           Sec. 413. (1) By April 15, 1999, the department shall report the  
27 following data from fiscal year 1997-98 on substance abuse prevention,

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1 education, and treatment programs to the senate and house appropriations  
2 subcommittees on community health and the senate and house fiscal  
3 agencies:

4 (a) Expenditures stratified by coordinating agency, by central diag-  
5 nosis and referral agency, by fund source, by subcontractor, by popula-  
6 tion served, and by service type. Additionally, data on administrative  
7 expenditures by coordinating agency and by subcontractor shall be  
8 reported.

9 (b) Expenditures per state client, with data on the distribution of  
10 expenditures reported using a histogram approach.

11 (c) Number of services provided by central diagnosis and referral  
12 agency, by subcontractor, and by service type. Additionally, data on  
13 length of stay, referral source, and participation in other state  
14 programs.

15 (d) Collections from other first- or third-party payers, private  
16 donations, or other state or local programs, by coordinating agency, by  
17 subcontractor, by population served, and by service type.

18 (2) The department shall take all reasonable actions to ensure that  
19 the required data reported are complete and consistent among all coordi-  
20 nating agencies.

21 Sec. 414. The funding in section 104 for substance abuse services  
22 shall be distributed in a manner so as to provide priority to service  
23 providers which furnish child care services to clients with children.

24 Sec. 415. From the amounts appropriated in section 104 for commu-  
25 nity substance abuse prevention, education, and treatment grants, the  
26 department shall allocate no less than \$1,900,000.00 to the odyssey house  
27 residential substance abuse treatment program. The department may reduce

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1 the amount allocated to odyssey house by an amount equivalent to any new  
2 federal funding awarded directly to odyssey house.

Sec. 416. From the amounts appropriated in section 104 for pilot projects in prevention for adults and children, the department shall allocate funds to be bid for a pilot project to evaluate the use of ritalin in schoolchildren and programs that focus on the reduction of ritalin use in schoolchildren.

3 **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH**  
4 **DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON**  
5 **MENTAL HEALTH SERVICES**

6 Sec. 601. (1) In funding of staff in the financial support divi-  
7 sion, reimbursement, and billing and collection sections, priority shall  
8 be given to obtaining third-party payments for services. Collection from  
9 individual recipients of services and their families shall be handled in  
10 a sensitive and nonharassing manner.

11 (2) The department shall continue a revenue recapture project to  
12 generate additional revenues from third parties related to cases which  
13 have been closed or are inactive. Revenues collected through project  
14 efforts are appropriated to the department for departmental costs and  
15 contractual fees associated with these retroactive collections and to  
16 improve ongoing departmental reimbursement management functions so that  
17 the need for retroactive collections will be reduced or eliminated.

18 Sec. 602. Unexpended and unencumbered amounts and accompanying  
19 expenditure authorizations up to \$2,000,000.00 remaining on September 30,  
20 1998 from pay telephone revenues and the amounts appropriated in section  
21 105 for gifts and bequests for patient living and treatment environments  
22 shall be carried forward for 1 fiscal year. The purpose of gifts and  
23 bequests for patient living and treatment environments is to use addi-  
24 tional private funds to provide specific enhancements for individuals  
25 residing at state-operated facilities. Use of the gifts and bequests

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1 shall be consistent with the stipulation of the donor. The expected  
2 completion date for the use of gifts and bequests donations is within 3  
3 years unless otherwise stipulated by the donor.

4 Sec. 603. The funds appropriated in section 105 for forensic mental  
5 health services provided to the department of corrections are in accord-  
6 ance with the interdepartmental plan developed in cooperation with the  
7 department of corrections. The department is authorized to receive and  
8 expend funds from the department of corrections in addition to the appro-  
9 priations in section 105 to fulfill the obligations outlined in the  
10 interdepartmental agreements.

11 Sec. 604. (1) Subject to the funds appropriated in section 105 for  
12 hospitals and centers, the department shall authorize FTEs and funds to  
13 each hospital and center on the basis of the actual utilization of each  
14 of the hospitals and centers.

15 (2) Funds that become available as a result of reductions in the  
16 utilization of state-operated hospitals and centers are intended to be  
17 retained by CMHSP to support community-based services.

18 Sec. 605. (1) The department shall not implement any closures or  
19 consolidations of state hospitals, centers, or agencies until CMHSPs have  
20 programs and services in place for those persons currently in those  
21 facilities and a plan for service provision for those persons who would  
22 have been admitted to those facilities.

23 (2) All closures or consolidations are dependent upon adequate  
24 department-approved CMHSP plans which include a discharge and aftercare  
25 plan for each person currently in the facility. A discharge and after-  
26 care plan shall address the person's housing needs. A homeless shelter

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1 or similar temporary shelter arrangements are inadequate to meet the  
2 person's housing needs.

3 (3) Four months after the certification of closure required in sec-  
4 tion 19(6) of 1943 PA 240, MCL 38.19, the department shall provide a clo-  
5 sure plan to the house and senate appropriations subcommittees.

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

10 Sec. 606. (1) The department, in conjunction with the CMHSPs, will  
11 continue to assure the provision of a complete array of services on a  
12 statewide basis. Such an array of services shall include, but is not  
13 limited to, residential and other individualized living arrangements,  
14 outpatient services, acute inpatient services, and long-term, 24-hour  
15 inpatient care in a structured, secure environment.

16 (2) Long-term psychiatric beds, whether occupied or unoccupied,  
17 whether operated by the state or an agency with whom the department or a  
18 CMHSP contracts, will be available at various locations across the  
19 state.

20 (3) The department and CMHSPs shall continue to develop and facili-  
21 tate community placement opportunities for persons with developmental  
22 disabilities, adults with mental illness, and children with emotional  
23 disturbance for whom such placement is clinically appropriate.

24 (4) The department and CMHSPs shall not discriminate against the  
25 placement of an individual in a state psychiatric hospital when long-term  
26 psychiatric inpatient care is appropriate. This subsection does not

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1 prohibit the department and CMHSPs from considering consumer choice,  
2 quality of care, and cost of care in making the hospital referral.

**3 PUBLIC HEALTH ADMINISTRATION**

4       Sec. 701. Of the amount appropriated in section 106 from revenues  
5 from fees and collections, not more than \$250,000.00 received from the  
6 sale of vital records death data shall be used for improvements in the  
7 vital records and health statistics program. The amount described in  
8 this section shall not revert to the general fund at the end of the  
9 fiscal year ending September 30, 1999. Not later than December 1, 1999,  
10 the amount of any unexpended balances and the proposed uses for those  
11 balances shall be reported to the senate and house fiscal agencies.

**12 INFECTIOUS DISEASE CONTROL**

13       Sec. 801. State funds appropriated in any other account in part 1  
14 may be used to supplant not more than \$350,000.00 in federal funds  
15 projected for immunization, if the federal funds are unavailable. The  
16 department shall inform the senate and house appropriations subcommittees  
17 on community health, the senate and house fiscal agencies, and the state  
18 budget director of the specific line items reduced pursuant to this  
19 section.

20       Sec. 802. In the expenditure of funds appropriated in section 107  
21 for AIDS programs, the department and its subcontractors shall ensure  
22 that adolescents receive priority for prevention, education, and outreach  
23 services.

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1           Sec. 803. In developing and implementing AIDS provider education  
2 activities, the department may provide funding to the Michigan state med-  
3 ical society to continue to serve as lead agency to convene a consortium  
4 of health care providers, to design needed educational efforts, to fund  
5 other statewide provider groups, and to assure implementation of these  
6 efforts, in accordance with a plan approved by the department.

7           Sec. 804. If an employee of the department of corrections comes in  
8 contact with a prisoner and that contact involves the risk of exposure to  
9 the prisoner's blood or bodily fluids, upon the employee's request the  
10 department of corrections shall inform the employee of the results of the  
11 prisoner's HIV test if known by the department.

12 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

13           Sec. 903. The amount appropriated in section 110 for implementation  
14 of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and  
15 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,  
16 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local  
17 health departments for costs incurred related to implementation of sec-  
18 tion 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

19           Sec. 904. The amount appropriated in section 110 for state/local  
20 cost sharing may be used for special grants to local health departments  
21 to satisfy minimum funding levels prescribed by section 2477 of the  
22 public health code, 1978 PA 368, MCL 333.2477, and any other authorized  
23 supplement. The special grants shall not exceed a total of \$250,000.00.  
24 If proposed changes to sections 2471 to 2498 of the public health code,  
25 1978 PA 368, MCL 333.2471 to 333.2498, are enacted during fiscal year

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1 1998-99, the department shall adjust funding from the amount appropriated  
2 in section 110 for state/local cost sharing to comply with those  
3 revisions.

4       Sec. 905. If a county receiving funding from the amount appropri-  
5 ated in section 110 for local public health infrastructure is part of a  
6 district health department or in an associated arrangement with other  
7 local health departments on June 1, 1992 and then ceases to be part of  
8 such an arrangement, the allocation to that county from the local public  
9 health infrastructure appropriation shall be reduced by 50% from the  
10 amount originally allocated.

11       Sec. 906. Of the amount appropriated in section 110 for state/local  
12 cost sharing, \$19,418,300.00 is an increase from fiscal year 1993-94.  
13 Distributions from the increased appropriation shall be made only in the  
14 counties that maintain local spending in fiscal year 1998-99 of at least  
15 the amount expended in fiscal year 1992-93.

16       Sec. 907. (1) Funds appropriated in section 110 for state/local  
17 cost sharing shall be allocated as follows:

18       (a) To reimburse local health departments on a 50% basis of the net  
19 allowable costs for providing the following 9 required services: immuni-  
20 zations, infectious disease control, sexually transmitted disease con-  
21 trol, hearing screening, vision services, food protection, public water  
22 supply, private groundwater supply, and on-site sewage management.

23       (b) As grants for core services based upon an agreed modified  
24 formula.

25       (c) As public health improvement block grants to insure that all  
26 local health departments will be held harmless.

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1           (2) By April 1, 1999, the department shall provide to the senate and  
2 house fiscal agencies the funding schedule for the 9 required services,  
3 core service grants, and public health improvement block grants to local  
4 health departments.

5           Sec. 908. The department shall provide a report quarterly to the  
6 house and senate appropriations subcommittees on community health, the  
7 senate and house fiscal agencies, and the state budget director on the  
8 expenditures and activities undertaken by the lead abatement program.  
9 The report shall include but not be limited to a funding allocation  
10 schedule, expenditures by category of expenditure and by subcontractor,  
11 revenues received, description of program elements, and description of  
12 program accomplishments and progress.

13           Sec. 909. (1) Distributions from the local public health operations  
14 line shall be made only in the counties that maintain local spending in  
15 fiscal year 1998-99 of at least the amount expended in fiscal year  
16 1992-93 for cost shared services.

17           (2) The department of community health shall require each local  
18 health department to report expenditures under the local public health  
19 operations and specify expenditures for services to children. The  
20 department will retain this information for documentation of the federal  
21 MICHild match requirement.

22           (3) If a county receiving funding from the amount appropriated in  
23 section 110 for local public health operations is part of a district  
24 health department or in an associated arrangement with other local health  
25 departments on June 1, 1992 and then ceases to be part of such an  
26 arrangement, the allocation to that county for administration shall be  
27 reduced by 50% from the amount originally allocated.

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**1 CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

**2 PROMOTION**

3       Sec. 1001. (1) From the state funds appropriated in section 111,  
4 the department shall allocate funds to promote awareness, education, and  
5 early detection of breast, cervical, and prostate cancer, and provide for  
6 other health promotion media activities.

7       (2) The department shall increase funds allocated to promote aware-  
8 ness, education, and early detection of breast, cervical, and prostate  
9 cancer by \$750,000.00 above the amount allocated for this purpose in  
10 fiscal year 1996-97.

11       Sec. 1002. (1) The amount appropriated in section 111 for school  
12 health and education programs shall be allocated in 1998-99 to provide  
13 grants to or contract with certain districts and intermediate districts  
14 for the provision of a school health education curriculum. Provision of  
15 the curriculum, such as the Michigan model or another comprehensive  
16 school health education curriculum, shall be in accordance with the  
17 health education goals established by the Michigan model for the compre-  
18 hensive school health education state steering committee. The state  
19 steering committee shall be comprised of a representative from each of  
20 the following offices and departments:

- 21       (a) The department of education.
- 22       (b) The department of community health.
- 23       (c) The public health agency in the department of community health.
- 24       (d) The office of substance abuse services in the department of com-  
25 munity health.
- 26       (e) The family independence agency.

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1 (f) The department of state police.

2 (2) Upon written or oral request, a pupil not less than 18 years of  
3 age or a parent or legal guardian of a pupil less than 18 years of age,  
4 within a reasonable period of time after the request is made, shall be  
5 informed of the content of a course in the health education curriculum  
6 and may examine textbooks and other classroom materials that are provided  
7 to the pupil or materials that are presented to the pupil in the  
8 classroom. This subsection does not require a school board to permit  
9 pupil or parental examination of test questions and answers, scoring  
10 keys, or other examination instruments or data used to administer an aca-  
11 demic examination.

12 Sec. 1003. Funds appropriated in section 111 for the Alzheimer's  
13 information network shall be used to provide information and referral  
14 services through regional networks for persons with Alzheimer's disease  
15 or related disorders, their families, and health care providers.

16 Sec. 1004. From the amounts appropriated in section 111 for the  
17 cancer prevention and control program, the department shall allocate  
18 funds to the Hurley and Harper hospitals' prostate cancer demonstration  
19 projects in fiscal year 1998-99.

20 Sec. 1005. From the funds appropriated in section 111 for physical  
21 fitness, nutrition, and health, up to \$1,000,000.00 may be allocated to  
22 the Michigan physical fitness and sports foundation. The allocation to  
23 the Michigan physical fitness and sports foundation is contingent upon  
24 the foundation providing at least a 20% cash match.

25 Sec. 1006. In spending the funds appropriated in section 111 for  
26 the smoking prevention program, priority shall be given to prevention and

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1 smoking cessation programs for pregnant women, women with young children,  
2 and adolescents.

3       Sec. 1007. (1) The funds appropriated in section 111 for violence  
4 prevention shall be used for, but not be limited to, the following:

5       (a) Programs aimed at the prevention of spouse, partner, or child  
6 abuse and rape.

7       (b) Programs aimed at the prevention of workplace violence.

8       (2) In awarding grants from the amounts appropriated in part 1 for  
9 violence prevention, the department shall give equal consideration to  
10 public and private nonprofit applicants.

11       (3) From the funds appropriated in section 111 for violence preven-  
12 tion, the department may include local school districts as recipients of  
13 the funds for family violence prevention programs.

14       Sec. 1008. (1) From the amount appropriated in section 111 for the  
15 cancer prevention and control program, funds shall be allocated to the  
16 Karmanos cancer institute/Wayne State University, to the Michigan inter-  
17 active health kiosk/University of Michigan, and to Michigan State  
18 University for cancer prevention activities.

19       (2) The department shall provide a report to the house and senate  
20 appropriations subcommittees on community health and the house and senate  
21 fiscal agencies by January 1, 1999, on how these funds were allocated and  
22 spent in fiscal year 1997-98. Also, the report shall detail outcomes  
23 resulting from the use of such funds.

24       Sec. 1009. From the funds appropriated in section 111 for diabetes  
25 local agreements, a portion of the funds may be allocated to the national  
26 kidney foundation of Michigan for kidney disease prevention programming

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1 including early identification and education programs and kidney disease  
2 prevention demonstration projects.

3       Sec. 1011. Of the funds appropriated in section 111 for the health  
4 education, promotion, and research programs, the department shall allo-  
5 cate \$150,000.00 to implement the osteoporosis prevention and treatment  
6 education program. As part of the program, the department shall design  
7 and implement strategies for raising public awareness on the causes and  
8 nature of osteoporosis, personal risk factors, value of prevention and  
9 early detection, and options for diagnosing and treating osteoporosis.

10 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

11       Sec. 1101. The department shall review the basis for the distribu-  
12 tion of funds to local health departments and other public and private  
13 agencies for the women, infants, and children food supplement program;  
14 family planning; early and periodic screening, diagnosis, and treatment  
15 program; and prenatal care outreach and service delivery support program  
16 and indicate the basis upon which any projected underexpenditures by  
17 local public and private agencies shall be reallocated to other local  
18 agencies that demonstrate need.

19       Sec. 1102. (1) Agencies receiving funds appropriated from  
20 section 112 for adolescent health care services shall meet all of the  
21 following criteria:

22       (a) Require each adolescent health clinic funded by the agency to  
23 report to the department on an annual basis all of the following  
24 information:

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1 (i) Funding sources of the adolescent health clinic.

2 (ii) Demographic information of populations served including sex,  
3 age, and race.

4 (iii) Utilization data that reflects the number of visits and repeat  
5 visits and types of services provided per visit.

6 (iv) Types and number of referrals to other health care agencies.

7 (b) Require each local school board funded by the agency to estab-  
8 lish a local advisory committee before the planning phase of an adoles-  
9 cent health clinic intended to provide services within that school  
10 district. The advisory committee shall be comprised of not less than 50%  
11 residents of the local school district, and shall not be comprised of  
12 more than 50% health care providers. A person who is employed by the  
13 sponsoring agency shall not have voting privileges as a member of the  
14 advisory committee. All advisory committee meetings shall be open to the  
15 public with at least a 1-week notice of the meeting date published in the  
16 local newspaper.

17 (c) Not allow an adolescent health clinic funded by the agency, as  
18 part of the services offered, to provide abortion counseling or services  
19 or make referrals for abortion services.

20 (d) If a local advisory committee established under subdivision (b)  
21 recommends that family planning be provided as a service, require that  
22 any public information brochure include family planning in its descrip-  
23 tion of the entire array of services provided by the adolescent health  
24 clinic.

25 (e) Require each adolescent health clinic funded by the agency to  
26 have a written policy on parental consent, developed by the local  
27 advisory committee and submitted to the local school board for approval

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1 if the services are provided in a public school building where  
2 instruction is provided in grades kindergarten through 12.

3 (2) A local advisory committee established under subsection (1)(b),  
4 in cooperation with the sponsoring agency, shall submit written recommen-  
5 dations regarding the implementation and types of services rendered by an  
6 adolescent health clinic to the local school board for approval of ado-  
7 lescent health services rendered in a public school building where  
8 instruction is provided in grades kindergarten through 12.

9 (3) The department shall submit a report to the members of the  
10 senate and house fiscal agencies based on the information provided under  
11 subsection (1)(a). The report is due 90 days after the end of the calen-  
12 dar year.

13 Sec. 1103. Of the funds appropriated in section 112 for adolescent  
14 health care services, \$1,840,830.00 shall be allocated to teen centers as  
15 follows: \$90,000.00 base funding, and of the remaining funding 25% dis-  
16 tributed on the number of users, 50% distributed on the number of visits,  
17 and 25% distributed on the number of services. This formula does not  
18 apply to the alternative models.

19 Sec. 1104. Before April 1, 1999, the department shall submit a  
20 report to the house and senate fiscal agencies on planned allocations  
21 from the amounts appropriated in section 112 for local MCH services, pre-  
22 natal care outreach and service delivery support, family planning local  
23 agreements, and pregnancy prevention programs. Using applicable federal  
24 definitions, the report shall include information on all of the  
25 following:

26 (a) Funding allocations.

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1 (b) Expected cost per client served by grantee.

2 (c) Number of women, children, and/or adolescents expected to be  
3 served.

4 (d) Expected first- and third-party collections by source of  
5 payment.

6 (e) The extent to which grantees meet federal indicators, when  
7 applicable.

8 (f) Actual numbers served and amounts expended in the categories  
9 described in subdivisions (a) to (d) for the fiscal year 1997-98.

10 Sec. 1105. For all programs for which an appropriation is made in  
11 section 112, the department shall contract with those local public and  
12 private nonprofit agencies best able to serve clients. Factors to be  
13 used by the department in evaluating agencies under this section shall  
14 include ability to serve high-risk population groups; ability to serve  
15 low-income clients, where applicable; availability of, and access to,  
16 service sites; management efficiency; and ability to meet federal stan-  
17 dards, where applicable.

18 Sec. 1106. Each family planning program receiving federal title X  
19 family planning funds shall be in compliance with all performance and  
20 quality assurance indicators that the United States bureau of community  
21 health services specifies in the family planning annual report. An  
22 agency not in compliance with the indicators shall not receive supplemen-  
23 tal or reallocated funds.

24 Sec. 1107. Of the amount appropriated in section 112 for prenatal  
25 care outreach and service delivery support, not more than 10% shall be  
26 expended for local administration, data processing, and evaluation.

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1       Sec. 1109. The department shall maintain comprehensive health care  
2 programs to communicate to preteens the importance of delaying sexual  
3 activity and to address teen sexual activity, teenage pregnancy, and sex-  
4 ually transmitted diseases.

5       Sec. 1110. The funds appropriated in section 112 for pregnancy pre-  
6 vention programs shall not be used to provide abortion counseling, refer-  
7 rals, or services.

8       Sec. 1111. (1) From the amounts appropriated in section 112 for  
9 dental programs, funds shall be allocated to the Michigan dental associa-  
10 tion for the administration of a volunteer dental program that would pro-  
11 vide dental services to the uninsured in an amount that is no less than  
12 the amount allocated to that program in fiscal year 1996-97.

13       (2) Not later than November 1, 1998, the department shall report to  
14 the senate and house appropriations subcommittees on community health and  
15 the senate and house standing committees on public health the number of  
16 individual patients treated, the number of procedures performed, and  
17 approximate total market value of those procedures through September 30,  
18 1998.

19       Sec. 1113. Agencies that currently receive pregnancy prevention  
20 funds and either receive or are eligible for other family planning funds  
21 shall have the option of receiving all of their family planning funds  
22 directly from the department of community health and be designated as  
23 delegate agencies.

24       Sec. 1114. The department shall allocate no less than 86% of the  
25 funds appropriated in section 112 for family planning local agreements  
26 and the pregnancy prevention program for the direct provision of family  
27 planning/pregnancy prevention services.

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**1 CHILDREN'S SPECIAL HEALTH CARE SERVICES**

2           Sec. 1201. Money appropriated in section 113 for medical care and  
3 treatment of children with special health care needs shall be paid  
4 according to reimbursement policies determined by the Michigan medical  
5 services program. Exceptions to these policies may be taken with the  
6 prior approval of the state budget director.

7           Sec. 1202. The department may do 1 or more of the following:

8           (a) Provide special formula for eligible clients with specified met-  
9 abolic and allergic disorders.

10           (b) Provide medical care and treatment to eligible patients with  
11 cystic fibrosis who are 21 years of age or older.

12           (c) Provide genetic diagnostic and counseling services for eligible  
13 families.

14           (d) Provide medical care and treatment to eligible patients with  
15 hereditary coagulation defects, commonly known as hemophilia, who are 21  
16 years of age or older.

**17 CRIME VICTIM SERVICES COMMISSION**

18           Sec. 1301. The per diem amount authorized for the crime victim  
19 services commission is \$100.00.

**20 OFFICE OF SERVICES TO THE AGING**

21           Sec. 1401. The appropriation in section 116 to the office of serv-  
22 ices to the aging, for community and nutrition services and home  
23 services, shall be restricted to eligible individuals at least 60 years

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1 of age who fail to qualify for home care services under title XVIII, XIX,  
2 or XX of the social security act, chapter 531, 49 Stat. 620.

3       Sec. 1402. (1) The office of services to the aging may receive and  
4 expend funds in addition to those authorized in section 116 for the addi-  
5 tional purposes described in this section.

6       (2) The office of services to the aging may establish and collect  
7 fees for publications, videos, and related materials. Collected fees  
8 shall be used to pay for the printing and mailing costs of the publica-  
9 tions, videos, and related materials, which costs shall not exceed the  
10 revenues collected.

11       (3) Money appropriated in section 116 for the Michigan pharmaceuti-  
12 cal program shall be used to purchase generic medicine when available and  
13 medically practicable.

14       Sec. 1403. The office of services to the aging shall require each  
15 region to report to the office of services to the aging home delivered  
16 meals waiting lists based upon standard criteria. Determining criteria  
17 shall include all of the following:

18       (a) The recipient's degree of frailty.

19       (b) The recipient's inability to prepare his or her own meals  
20 safely.

21       (c) Whether the recipient has another care provider available.

22       (d) Any other qualifications normally necessary for the recipient to  
23 receive home delivered meals.

24       Sec. 1404. The office of services to the aging may receive and  
25 expend fees for the provision of day care, care management, and respite  
26 care. The office of services to the aging shall base the fees on a

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1 sliding scale taking into consideration the client income. The office of  
2 services to the aging shall use the fees to expand services.

3       Sec. 1405. The office of services to the aging may receive and  
4 expend medicaid funds for care management services.

5       Sec. 1406. (1) Of the amount appropriated in section 116 to the  
6 office of services to the aging for community services, sufficient funds  
7 shall be allocated to fund statewide care management or case coordination  
8 projects in the following regions:

9	Region 1A.....	\$	600,000
10	Region 1B.....		720,000
11	Region 1C.....		420,000
12	Region 2.....		180,000
13	Region 3.....		300,000
14	Region 4.....		180,000
15	Region 5.....		300,000
16	Region 6.....		180,000
17	Region 7.....		360,000
18	Region 8.....		360,000
19	Region 9.....		360,000
20	Region 10.....		360,000
21	Region 11.....		360,000
22	Region 14.....		180,000

23       (2) The office of services to the aging shall provide a report to  
24 the senate and house appropriations subcommittees on community health,  
25 and the senate and house fiscal agencies by November 1, 1998, summarizing  
26 the accomplishments of each program in the 1997-98 fiscal year.

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1           Sec. 1407. The office of services to the aging shall award  
2 contracts and distribute funds only to those projects that are cost  
3 effective, meet minimum operational standards, and serve the greatest  
4 number of eligible people.

5           Sec. 1408. The office of services to the aging shall provide that  
6 funds appropriated under this act shall be awarded on a local level in  
7 accordance with locally determined needs.

8 **MEDICAL SERVICES ADMINISTRATION**

9           Sec. 1501. The funds appropriated in section 117 for the Michigan  
10 essential health care provider program may also provide loan repayment  
11 for dentists that fit the criteria established by part 27 of the public  
12 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

13           Sec. 1502. The department is directed to continue support of multi-  
14 cultural agencies which provide primary care services from the funds  
15 appropriated in section 117.

16 **MEDICAL SERVICES**

17           Sec. 1601. The department of community health shall provide an  
18 administrative procedure for the review of grievances by medical services  
19 providers with regard to reimbursement under the medical services  
20 program. Settlements of properly submitted cost reports shall be paid  
21 not later than 9 months from receipt of the final report.

22           Sec. 1602. For care provided to medical services recipients with  
23 other third-party sources of payment, medical services reimbursement

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1 shall not exceed, in combination with such other resources, including  
2 medicare, those amounts established for medical services-only patients.  
3 The medical services payment rate shall be accepted as payment in full.  
4 Other than an approved medical services copayment, no portion of a  
5 provider's charge shall be billed to the recipient or any person acting  
6 on behalf of the recipient. Nothing in this section shall be deemed to  
7 affect the level of payment from a third-party source other than the med-  
8 ical services program. The department shall require a nonenrolled pro-  
9 vider to accept medical services payments as payment in full.

10       Sec. 1603. (1) Effective October 1, 1998, the pharmaceutical dis-  
11 pensing fee shall be \$3.72 or the usual and customary cash charge, which-  
12 ever is less. If a recipient is 21 years of age or older, the department  
13 shall require a \$1.00 per prescription client copayment, except as pro-  
14 hibited by federal or state law or regulation.

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

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

22       (4) Usual and customary charges for pharmacy providers are defined  
23 as the pharmacy's charges to the general public for like or similar  
24 services.

25       Sec. 1605. The cost of remedial services incurred by residents of  
26 licensed adult foster care homes and licensed homes for the aged shall be  
27 used in determining financial eligibility for the medically needy.

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1 Remedial services means those services which produce the maximum  
2 reduction of physical and mental limitations and restoration of an indi-  
3 vidual to his or her best functional level. At a minimum, remedial serv-  
4 ices include basic self-care and rehabilitation training for a resident.

5       Sec. 1606. Medicaid adult dental services, podiatric services, and  
6 chiropractic services shall continue at not less than the level in effect  
7 on October 1, 1996, except that reasonable utilization limitations may be  
8 adopted in order to prevent excess utilization. The department shall not  
9 impose utilization restrictions on chiropractic services unless a recipi-  
10 ent has exceeded 18 office visits within 1 year.

11       Sec. 1609. (1) From the funds appropriated in section 118 for the  
12 indigent medical care program, the department shall establish a program  
13 which provides for the basic health care needs of indigent persons as  
14 delineated in the following subsections.

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

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

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

22       (3) All potentially eligible persons, except those defined in sub-  
23 section (2)(a), who shall be automatically enrolled, may apply for  
24 enrollment in this program at local family independence agency offices or  
25 other designated sites.

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

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

3 (b) Diagnostic laboratory and x-ray services.

4 (c) Pharmaceutical services.

5 (5) Notwithstanding subsection (2)(b), the state may continue to  
6 provide nursing facility coverage, including medically necessary ancil-  
7 lary services, to individuals categorized as permanently residing under  
8 color of law and who meet either of the following requirements:

9 (a) The individuals were medically eligible and residing in such a  
10 facility as of August 22, 1996 and qualify for emergency medical  
11 services.

12 (b) The individuals were medicaid eligible as of August 22, 1996,  
13 and admitted to a nursing facility before a new eligibility determination  
14 was conducted by the family independence agency.

15 Sec. 1610. (1) The department may require medical services recip-  
16 ients to receive psychiatric services through a managed care system.

17 (2) The department may implement managed care programs for specialty  
18 mental health, substance abuse, and developmental disabilities services.  
19 Such programs shall be operated through CMHSPs and substance abuse coor-  
20 dinating agencies as specialty service carve-outs to maintain account-  
21 ability for the system to local units of government and to preserve the  
22 services and supports for persons with severe and persistent mental ill-  
23 nesses, for persons with substance abuse addictions, and for persons with  
24 developmental disabilities.

25 (3) The substance abuse coordinating agencies shall arrange for  
26 clinical reviews to assure appropriate continuity of care for recipients  
27 of substance abuse treatment services.

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1           Sec. 1611. (1) The department may continue to implement managed  
2 care and may require medical services recipients residing in counties  
3 offering managed care options to choose the particular managed care plan  
4 in which they wish to be enrolled. Persons not expressing a preference  
5 may be assigned to a managed care provider.

6           (2) Persons to be assigned a managed care provider shall be informed  
7 in writing of the criteria for exceptions to capitated managed care  
8 enrollment, their right to change health plans for any reason within the  
9 initial 30 days of enrollment, the toll-free telephone number for prob-  
10 lems and complaints, and information regarding grievance and appeals  
11 rights.

12           (3) The criteria for medical exceptions to qualified health plans  
13 shall be based on submitted documentation that indicates a recipient has  
14 a serious medical condition, and is undergoing active treatment for that  
15 condition with a physician who does not participate in 1 of the qualified  
16 health plans. If the person meets the criteria established by this sub-  
17 section, the department shall grant an exception to mandatory enrollment  
18 at least through the current prescribed course of treatment, subject to  
19 periodic review of continued eligibility.

20           Sec. 1612. (1) The department shall not preauthorize or in any way  
21 restrict single-source pharmaceutical products except those single-source  
22 pharmaceuticals that have been subject to prior authorization by the  
23 department prior to January 1, 1992 and those single-source pharmaceuti-  
24 cals within the categories specified in section 1927(d)(2) of the social  
25 security act, 42 U.S.C. 1396s(d), or for the reasons delineated in  
26 section 1927(d)(3) of the social security act.

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

6           Sec. 1613. The department shall not implement a mail-order pharmacy  
7 program for the noncapitated portion of the Medicaid program.

8           Sec. 1614. The department shall assure that all eligible children  
9 assigned to medical services managed care programs have timely access to  
10 early and periodic screening, diagnosis, and treatment (EPSDT) services  
11 as required by federal law.

12           Sec. 1615. (1) The department of community health is authorized to  
13 pursue reimbursement for eligible services provided in Michigan schools  
14 from the federal medicaid program. The department and the department of  
15 management and budget are authorized to negotiate and enter into agree-  
16 ments, together with the department of education, with local and interme-  
17 diate school districts regarding the sharing of federal medicaid services  
18 funds received for these services. The department is authorized to  
19 receive and disburse funds to participating school districts pursuant to  
20 such agreements and state and federal law.

21           (2) From the funds appropriated in section 118 for medical services  
22 school services payments, the department is authorized to do all of the  
23 following:

24           (a) Finance activities within the medical services administration  
25 related to this project.

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

4 (c) Offset general fund costs associated with the medical services  
5 program.

6 (3) The department shall not make distributions from the funds pro-  
7 vided for this purpose in section 118 until it has filed the necessary  
8 state plan amendments, made required notifications, received an indica-  
9 tion of approval from the health care financing administration, and  
10 received approval from the state budget director.

11 Sec. 1616. The special adjustor appropriation in section 118 may be  
12 increased if the department submits a medical services state plan amend-  
13 ment pertaining to this line item at a level higher than the appropria-  
14 tion and receives an indication of approval of the amendment from the  
15 health care financing administration. The department is authorized to  
16 appropriately adjust financing sources in accordance with the increased  
17 appropriation.

18 Sec. 1617. The department of community health shall obtain from  
19 those health maintenance organizations and clinic plans with which the  
20 department contracts patient-based utilization data, including immuniza-  
21 tions, early and periodic screenings, diagnoses, and treatments, sub-  
22 stance abuse services, blood lead level testing, and maternal and infant  
23 support services referrals. The format and frequency of reporting shall  
24 be specified by the department. The reports shall be distributed to the  
25 members of the senate and house appropriations subcommittees on community  
26 health, the senate and house fiscal agencies, and the director of each  
27 local health department.

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1           Sec. 1618. From the funds appropriated in section 118 for the  
2 long-term care wage pass-through, it is the intent of the legislature  
3 that at least 50% of inflation increases in rates shall be used for a  
4 wage and benefit pass-through to nursing home workers, based on a plan  
5 developed by the department and substantially similar to a plan imple-  
6 mented in the 1989-1990 fiscal year. The rate increase for enhanced  
7 wages and benefits shall be provided to those facilities which make  
8 application for it to fund the medicaid program share of wage and benefit  
9 increases up to \$0.75 per employee hour. The pass-through shall only be  
10 used to increase wages and benefits. Nursing facilities shall be  
11 required to document that these wage and benefit increases were actually  
12 provided.

13           Sec. 1619. Medical services shall be provided to elderly and dis-  
14 abled persons with incomes less than or equal to 100% of the official  
15 poverty line, pursuant to the state's option to elect such coverage set  
16 out at section 1902(a)(10)(A)(ii) and (m) of title XIX of the social  
17 security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396a.

18           Sec. 1620. The department may fund home and community-based serv-  
19 ices in lieu of nursing home services, for individuals seeking long-term  
20 care services, from the nursing home or personal care in-home services  
21 line items.

22           Sec. 1621. The department of community health shall distribute  
23 \$695,000.00 to children's hospitals that have a high indigent care  
24 volume. The amount to be distributed to any given hospital shall be  
25 based on a formula determined by the department of community health.

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1           Sec. 1622. (1) The department shall implement enforcement actions  
2 as specified in the nursing facility enforcement provisions of 42  
3 U.S.C. 1396r.

4           (2) The department is authorized to receive and spend penalty money  
5 received as the result of noncompliance with medical services certifica-  
6 tion regulations. Penalty money, characterized as private funds,  
7 received by the department shall increase authorizations and allotments  
8 in the long-term care accounts.

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

11          Sec. 1624. (1) Medical services patients who are enrolled in quali-  
12 fied health plans or capitated clinic plans have the choice to elect hos-  
13 pice services or other services for the terminally ill that are offered  
14 by the qualified health plan or clinic plan. If the patient elects hos-  
15 pice services, those services shall be provided in accordance with  
16 part 214 of the public health code, 1978 PA 368, MCL 333.21401 to  
17 333.21420.

18          (2) The department shall not amend the medical services hospice  
19 manual in a manner that would allow hospice services to be provided with-  
20 out making available all comprehensive hospice services described in 42  
21 C.F.R. part 418.

22          Sec. 1626. (1) From the funds appropriated in part 1 for outpatient  
23 hospital indigent adjustor, the department, subject to the requirements  
24 and limitations in this section, shall establish a funding pool of up to  
25 \$44,012,800.00 for the purpose of enhancing the aggregate payment for  
26 medical services hospital outpatient services. Such payments, if any,  
27 may be made as a gross adjustment to hospital outpatient payments or by

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1 another mechanism or schedule as determined by the department, which  
2 meets the intent of this section.

3 (2) For counties with populations in excess of 2,000,000 persons,  
4 the department shall distribute \$44,012,800.00 to hospitals if  
5 \$15,026,700.00 is received by the state from such counties, which meets  
6 the criteria of an allowable state matching share as determined by appli-  
7 cable federal laws and regulations. If the state receives a lesser sum  
8 of an allowable state matching share from these counties, the amount dis-  
9 tributed shall be reduced accordingly.

10 (3) The department may establish county-based, indigent health care  
11 programs that are at least equal in eligibility and coverage to the  
12 fiscal year 1996 state medical program.

13 (4) The department is authorized to establish similar programs in  
14 additional counties if the expenditures for the programs do not increase  
15 state general fund/general purpose costs and local funds are provided.

16 Sec. 1627. An institutional provider that is required to submit a  
17 cost report under the medical services program shall submit cost reports  
18 completed in full within 5 months after the end of its fiscal year.

19 Sec. 1634. (1) The department may establish a program for persons  
20 who work their way off welfare to purchase medical coverage at a rate  
21 determined by the department.

22 (2) The department may receive and expend premiums for the buy-in of  
23 medical coverage in addition to the amounts appropriated in part 1.

24 (3) The premiums described in this section shall be classified as  
25 private funds.

26 Sec. 1635. The implementation of all medicaid managed care plans by  
27 the department are subject to the following conditions:

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1 (a) Continuity of care is assured by allowing enrollees to continue  
2 receiving required medically necessary services from their current pro-  
3 viders for a period not to exceed 1 year if enrollees meet the managed  
4 care medical exception criteria.

5 (b) A contract for an independent evaluation is in place to measure  
6 cost, access, quality, and patient satisfaction.

7 (c) The department shall require contracted health plans to submit  
8 data determined necessary for the evaluation on a timely basis. A report  
9 of the independent evaluation shall be provided to the house and senate  
10 appropriations subcommittees on community health and the house and senate  
11 fiscal agencies no later than September 30, 1999.

12 (d) A health plans advisory council is functioning which meets all  
13 applicable federal and state requirements for a medical care advisory  
14 committee. The council shall review at least quarterly the implementa-  
15 tion of the department's managed care plans.

16 (e) Contracts for enrollment services and beneficiary services, and  
17 the complaint/grievance procedures are in place for the geographic area  
18 and populations affected. An annual report on enrollment services and  
19 beneficiary services and recipient problems/complaints shall be provided  
20 to the house and senate appropriations subcommittees on community health  
21 and the house and senate fiscal agencies.

22 (f) Mandatory enrollment is prohibited until there are at least 2  
23 qualified health plans with the capacity to adequately serve each geo-  
24 graphic area affected. Exceptions may be considered in areas where at  
25 least 85% of all area providers are in 1 plan.

26 (g) Maternal and infant support services shall continue to be  
27 provided through state-certified providers. The department shall

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1 continue to reimburse state-certified maternal and infant support  
2 services providers on a fee-for-service basis to be charged back to  
3 health plans until such time as health plans have contracts with  
4 state-certified providers.

5 (h) The department shall develop a case adjustment to its rate meth-  
6 odology that considers the costs of persons with HIV/AIDS, end stage  
7 renal disease, organ transplants, epilepsy, and other high-cost diseases  
8 or conditions and shall implement the case adjustment when it is proven  
9 to be actuarially and fiscally sound. Implementation of the case adjust-  
10 ment must be budget neutral.

11 (i) The department may encourage bids for multicounty regions  
12 through the use of preference points but shall not initially require a  
13 plan provider to submit a bid for a multicounty region.

14 (j) Enrollment of recipients of children's special health care serv-  
15 ices in qualified health plans shall be voluntary during fiscal year  
16 1998-99.

17 Sec. 1637. (1) Medicaid qualified health plans shall establish an  
18 ongoing internal quality assurance program for health care services pro-  
19 vided to medicaid recipients which includes:

20 (a) An emphasis on health outcomes.

21 (b) Establishment of written protocols for utilization review based  
22 on current standards of medical practice.

23 (c) Review by physicians and other health care professionals of the  
24 process followed in the provision of such health care services.

25 (d) Evaluation of the continuity and coordination of care that  
26 enrollees receive.

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1 (e) Mechanisms to detect overutilization and underutilization of  
2 services.

3 (f) Actions to improve quality and assess the effectiveness of such  
4 action through systematic follow-up.

5 (g) Provision of information on quality and outcome measures to  
6 facilitate enrollee comparison and choice of health coverage options.

7 (h) Ongoing evaluation of the plans' effectiveness.

8 (i) Consumer involvement in the development of the quality assurance  
9 program and consideration of enrollee complaints and satisfaction survey  
10 results.

11 (2) Medicaid qualified health plans shall apply for accreditation by  
12 an appropriate external independent accrediting organization requiring  
13 standards recognized by the department once those plans have met the  
14 application requirements. The state shall accept accreditation of a plan  
15 by an approved accrediting organization as proof that the plan meets some  
16 or all of the state's requirements, if the state determines that the  
17 accrediting organization's standards meet or exceed the state's  
18 requirements.

19 (3) Medicaid qualified health plans shall report encounter data,  
20 including data on inpatient and outpatient hospital care, physician  
21 visits, pharmaceutical services, and other services specified by the  
22 department.

23 (4) Medicaid qualified health plans shall assure that all covered  
24 services are available and accessible to enrollees with reasonable  
25 promptness and in a manner which assures continuity. Medically necessary  
26 services shall be available and accessible 24 hours a day and 7 days a  
27 week.

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1           (5) Medicaid qualified health plans shall provide for reimbursement  
2 of plan covered services delivered other than through the plan's provid-  
3 ers if medically necessary and approved by the plan, immediately  
4 required, and which could not be reasonably obtained through the plan's  
5 providers on a timely basis. Such services shall be deemed approved if  
6 the plan does not respond to a request for authorization within 24 hours  
7 of the request. Reimbursement shall not exceed the medicaid  
8 fee-for-service payment for such services.

9           (6) Medicaid qualified health plans shall provide access to appro-  
10 priate providers, including qualified specialists for all medically nec-  
11 essary services.

12           (7) Medicaid qualified health plans shall provide the department  
13 with a demonstration of the plan's capacity to adequately serve the  
14 plan's expected enrollment of medicaid enrollees.

15           (8) Medicaid qualified health plans shall provide assurances to the  
16 department that it will not deny enrollment to, expel, or refuse to reen-  
17 roll any individual because of the individual's health status or need for  
18 services, and that it will notify all eligible persons of such assurances  
19 at the time of enrollment.

20           (9) Medicaid qualified health plans shall provide procedures for  
21 hearing and resolving grievances between the plan and members enrolled in  
22 the plan on a timely basis.

23           (10) Medicaid qualified health plans shall meet other standards and  
24 requirements contained in state laws, administrative rules, and policies  
25 promulgated by the department. The department may establish alternative  
26 standards and requirements that specify financial safeguards for

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1 organizations not otherwise covered by existing law which assure that the  
2 organization has the ability to accept financial risk.

3 (11) Medicaid qualified health plans shall develop written plans for  
4 providing nonemergency medical transportation services funded through  
5 supplemental payments made to the plans by the department, and shall  
6 include information about transportation in their member handbook.

7 Sec. 1638. From the funds appropriated in section 118 for health  
8 plan services, the department may contract for the assessment of quality  
9 in qualified health plans which enroll medicaid recipients.

10 Organizations providing such quality reviews shall meet the requirements  
11 of the department and include the following functions:

12 (a) Review of plan performance based on accepted quality performance  
13 criteria.

14 (b) Utilization of quality indicators and standards developed spe-  
15 cifically for the medicaid population.

16 (c) Promote accountability for improved plan performance.

17 Sec. 1639. (1) Medicaid qualified health plans shall not directly  
18 market their services to or enroll medicaid eligible persons. The  
19 department shall provide or arrange for assistance to medicaid enrollees  
20 in understanding, electing, and using the managed care plans available.  
21 Upon request of the medicaid recipient, such assistance shall be provided  
22 in person through a face-to-face interview prior to enrollment, when  
23 practicable.

24 (2) Information regarding the available health plans and enrollment  
25 materials shall be provided through local family independence agency  
26 offices during the eligibility determination and redetermination process,  
27 and at other locations specified by the department. The enrollment

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1 materials shall clearly explain covered services, recipient rights,  
2 grievance and appeal procedures, exception criteria to mandatory enroll-  
3 ment, and information regarding managed care enrollment broker and bene-  
4 ficiary services.

5       Sec. 1640. (1) The department may require at least a 6-month  
6 lock-in to the qualified health plan selected by the recipient during the  
7 initial and subsequent open enrollment periods, but allow for good cause  
8 exceptions during the lock-in period.

9       (2) Medicaid recipients shall be allowed to change health plans for  
10 any reason within the initial 30 days of enrollment.

11       Sec. 1641. (1) The department shall provide an expedited complaint  
12 review procedure for medicaid eligible persons enrolled in qualified  
13 health plans for situations where failure to receive any health care  
14 service would result in significant harm to the enrollee.

15       (2) The department shall provide for a toll-free telephone number  
16 for medicaid recipients enrolled in managed care to assist with resolving  
17 problems and complaints. If warranted, the department shall immediately  
18 disenroll persons from managed care and approve fee-for-service  
19 coverage.

20       (3) Quarterly reports summarizing the problems and complaints  
21 reported and their resolution shall be provided to the house and senate  
22 appropriations subcommittees on community health, the house and senate  
23 fiscal agencies, and the department's health plans advisory council.

24       Sec. 1642. The department shall contract for beneficiary services  
25 to assist medicaid recipients in medicaid managed care plans to access  
26 appropriate health care services. The department may contract with the  
27 enrollment counseling service contractor to provide these beneficiary

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1 services. The department may also contract with different organizations  
2 for beneficiary services to different populations. All of the following  
3 apply to this program:

4 (a) Such organizations shall be private organizations and shall not  
5 be involved in providing, managing, determining eligibility, or accredit-  
6 ing health care services delivered through qualified health plans.

7 (b) Beneficiary services shall include the provision of information  
8 to medicaid recipients regarding the health plans available to them,  
9 their rights under law, how to access services, the complaint and griev-  
10 ance procedures available to them, and if requested, advocate for the  
11 recipient in all complaint, grievance, and proceedings.

12 Sec. 1643. (1) The department may develop a program for providing  
13 services to medical assistance recipients under a risk sharing capitation  
14 arrangement, through contracts with provider-sponsored networks, health  
15 maintenance organizations, and other organizations. The department shall  
16 award contracts under the program at least every 5 years based on a com-  
17 petitive bidding process. In developing a program under this section,  
18 the department shall consult with providers, medical assistance recip-  
19 ients, and other interested parties. The following provisions shall be  
20 considered in any program:

21 (a) In determining eligible contractors, the department shall con-  
22 sider provider-sponsored networks, along with health maintenance organi-  
23 zations, and other organizations. All eligible contractors shall meet  
24 the same standards for quality, access, benefits, financial, and organi-  
25 zational capability.

26 (b) The department may make separate payments directly to qualifying  
27 hospitals serving a disproportionate share of indigent patients, and to

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1 hospitals providing graduate medical education training programs. If  
2 direct payment for GME and DSH is made to qualifying hospitals for serv-  
3 ices to medicaid clients, hospitals will not include GME costs or DSH  
4 payments in their contracts with HMOs.

5 (2) Whenever economical and feasible, the department shall give  
6 preference to programs that provide a choice of qualified contractors and  
7 at least an annual open enrollment in the program.

8 Sec. 1644. The mother of an unborn child shall be eligible for med-  
9 ical services benefits for herself and her child if all other eligibility  
10 factors are met. To be eligible for these benefits, the applicant shall  
11 provide medical evidence of her pregnancy. If she is unable to provide  
12 the documentation, payment for the examination may be at state expense.  
13 The department of community health shall undertake such measures as may  
14 be necessary to ensure that necessary prenatal care is provided to medi-  
15 cal services eligible recipients.

16 Sec. 1645. (1) The protected income level for medicaid coverage  
17 determined pursuant to section 106(1)(b)(iii) of the social welfare act,  
18 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance  
19 standard.

20 (2) The department shall notify the senate and house appropriations  
21 subcommittees on community health of any proposed revisions to the pro-  
22 tected income level for medicaid coverage related to the public assist-  
23 ance standard 90 days prior to implementation.

24 Sec. 1646. For the purpose of guardian and conservator charges, the  
25 department of community health may deduct up to \$60.00 per month as an  
26 allowable expense against a recipient's income when determining medical  
27 services eligibility and patient pay amounts.

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1           Sec. 1654. A qualified health plan that requires a medicaid  
2 recipient to designate a participating primary care provider shall permit  
3 a female medicaid recipient to access a participating  
4 obstetrician-gynecologist for annual "well-woman" examinations and rou-  
5 tine obstetrical and gynecologic services. This access would not require  
6 prior authorization or referral, but may be limited by participation of  
7 obstetricians-gynecologists in the plan network. A referral to an  
8 out-of-plan physician will require plan approval.

9           Sec. 1656. The department shall promote activities that preserve  
10 the dignity and rights of terminally ill and chronically ill  
11 individuals. Priority shall be given to programs, such as hospice, that  
12 focus on individual dignity and quality of care provided persons with  
13 terminal illness and programs serving persons with chronic illnesses that  
14 reduce the rate of suicide through the advancement of the knowledge and  
15 use of improved, appropriate pain management for these persons; and ini-  
16 tiatives that train health care practitioners and faculty in managing  
17 pain, providing palliative care and suicide prevention.

18           Sec. 1657. The department may require beneficiaries to enroll in a  
19 long-term care plan if the following requirements are met:

20           (a) An eligibility screening/enrollment component is in place at  
21 community hospitals, in-home for persons who are homebound, as well as at  
22 convenient community locations.

23           (b) The eligibility screening/enrollment counseling service is per-  
24 formed by an entity(s) selected through a request for proposal.

25           (c) Enrollment counselor services are available to the clients and  
26 their families to ensure clients or their legally authorized  
27 representatives have the information necessary to make an informed choice

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1 of plans, to appropriately access care within the plan, to file  
2 grievances with the plan and the state, and to access care out of network  
3 if appropriate.

4 (d) Quality outcome measures and consumer satisfaction measures are  
5 developed based on the minimum data sets for home care and nursing home  
6 care.

7 (e) Services offered will include a range of home and community  
8 services including adult day care, respite care homemaker, chore, per-  
9 sonal care, personal care supervision, personal emergency response sys-  
10 tems, community living supports, services in nursing home settings.

11 (f) There will be 2 long-term care plan contractors in all areas of  
12 the state except in areas with sparse population and when the long-term  
13 care plan network includes at least 85% of the providers in the region.

14 (g) Long-term care plans are selected through a request for proposal  
15 process that identifies organizations capable of organizing and managing  
16 a continuum of services.

17 (h) The department reviews and approves provider contracts used by  
18 the plan to ensure that the plan's risk/incentive arrangements do not  
19 provide incentives to withhold appropriate medical services.

20 (i) The department establishes criteria for the plan's provider net-  
21 work that take into consideration the unique needs of the population to  
22 be enrolled and ensure that the network has adequate capacity to provide  
23 home and community-based service alternatives and is in place before  
24 enrollment begins.

25 (j) The department establishes requirements for encounter data col-  
26 lection and reporting that ensure the department has the ability to

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1 closely monitor care provided to enrollees to assure quality and  
2 appropriate access to care.

3 (k) The department contracts for an independent, external quality  
4 review of the services provided through the managed care plans. The pro-  
5 tocols used in the review shall be appropriate for the specialized popu-  
6 lation enrolled in the plan and shall be at least as rigorous as those  
7 used by national committee on quality assurance.

8 (l) The department conducts annual patient satisfaction surveys  
9 using statistically valid sampling techniques that focus on this popula-  
10 tion and a survey tool that is appropriate to the population being  
11 surveyed.

12 (m) The department maintains an exception process that allows cli-  
13 ents meeting established medical criteria to be exempt from enrollment in  
14 managed care.

15 (n) The department maintains an expedited grievance process that  
16 provides a response to urgent requests within 1 business day.

17 (o) Eligibility for the long-term plan is based on medicaid finan-  
18 cial eligibility criteria and medical/functional determination of neces-  
19 sity to qualify for nursing facility level of care. The initial eligible  
20 group would include those persons eligible for medicaid now in licensed  
21 nursing facilities and those eligible for the medicaid home and  
22 community-based waiver. Eligible persons (and their families if  
23 incapacitated), in conjunction with the managed care organization and  
24 medical caregivers, shall choose their preferred care setting, to live at  
25 home, in other home-like settings, or in a skilled nursing facility.  
26 Eligible persons will be offered choices by the managed care plan that

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1 emphasize the individual's dignity and independence, quality of life, and  
2 reflect the principles of person-centered planning.

3 (p) An area agency on aging may bid for either the eligibility  
4 screening/enrollment counseling service contract or the long-term care  
5 managed care organization contract. An area agency on aging may continue  
6 to provide case management/care coordination services for  
7 non-medicaid-eligible persons with funds appropriated in section 116.

8 (q) The managed care program for long-term care services shall  
9 assure that the services provided are coordinated with those available  
10 under the medicare program.

11 (r) At least 30 days prior to implementation of any long-term man-  
12 aged care program, the department shall conduct public hearings and  
13 submit its plan to the senate and house appropriations subcommittees on  
14 community health, the appropriate senate and house standing committees,  
15 and the senate and house fiscal agencies. The plan shall include a sum-  
16 mary of the public comments received by the department regarding the man-  
17 aged care program.

18 Sec. 1658. Funds appropriated for substance abuse services shall be  
19 contracted in full to coordinating agencies through CMHSPs unless such a  
20 pass-through is held to be in violation of federal or state law or  
21 rules. If such a pass-through is not permissible, the department shall  
22 contract directly with coordinating agencies. CMHSPs shall not assume  
23 any contractual or financial liability associated with the pass-through  
24 of substance abuse services funds provided to eligible recipients with  
25 these funds. The coordinating agencies shall retain financial program  
26 responsibilities and liabilities consistent with contract requirements.

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1       Sec. 1659. From the amounts appropriated from section 118 for  
2 medical services - noncapitated, the department shall allocate for  
3 graduate medical education no less than was allocated for graduate medi-  
4 cal education in fiscal year 1997-98.

5       Sec. 1660. The following sections are the only ones which shall  
6 apply to the following medicaid managed care programs, including the com-  
7 prehensive plan, children's special health care services plan, MI Choice  
8 long-term care plan, and the mental health, substance abuse, and develop-  
9 mentally disabled services program: 1610, 1611, 1614, 1617, 1624, 1635,  
10 1637, 1638, 1639, 1640, 1641, 1642, 1643, 1654, 1657, and 1658.