

HOUSE BILL No. 4299

February 18, 1999, Introduced by Reps. Geiger, Kukuk, Godchaux, Pappageorge, Mead, Jellema, Toy, Caul, Byl, Stamas, Jansen and Scranton and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of community health and certain state purposes related to aging, mental health, public health, and medical services for the fiscal year ending September 30, 2000; to provide for the expenditure of such appropriations; to create funds; to provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of community
4 health for the fiscal year ending September 30, 2000, from the

1 following funds:

2 **DEPARTMENT OF COMMUNITY HEALTH**

3 APPROPRIATIONS SUMMARY:

4 Full-time equated unclassified positions . . . 7.0

5 Full-time equated classified positions . . 6,127.3

6 Average population 1,428.0

7 GROSS APPROPRIATION \$ 7,868,269,400

8 Interdepartmental grant revenues:

9 Total interdepartmental grants and

10 intradepartmental transfers 70,651,900

11 ADJUSTED GROSS APPROPRIATION \$ 7,797,617,500

12 Federal revenues:

13 Total federal revenues 4,063,811,400

14 Special revenue funds:

15 Total local revenues 814,577,100

16 Total private funds 46,442,000

17 Total other state restricted revenues 323,542,000

18 State general fund/general purpose \$ 2,549,245,000

19 **Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

20 Full-time equated unclassified positions . . . 7.0

21 Full-time equated classified positions . . . 489.7

22 Director and other unclassified--7.0 FTE

23 positions \$ 556,400

24 Community health advisory council 28,900

25 Departmental administration and management--479.7

26 FTE positions 50,106,800

27 Workers' compensation program--1.0 FTE position . 12,009,800

28 Rent 3,487,200

29 Building occupancy charges 4,184,000

30 Developmental disabilities council and

31 projects--9.0 FTE positions 2,280,200

32 GROSS APPROPRIATION \$ 72,653,300

33 Appropriated from:

1 Interdepartmental grant revenues:

2 Interdepartmental grant from the department of treasury,

3 Michigan state hospital finance authority . . . 95,500

4 Federal revenues:

5 Total federal revenues 19,849,700

6 Special revenue funds:

7 Private funds 27,900

8 Total other state restricted revenues 3,481,000

9 State general fund/general purpose \$ 49,199,200

10 **Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION**11 **AND SPECIAL PROJECTS**

12 Full-time equated classified positions . . . 123.2

13 Mental health/substance abuse program

14 administration--114.2 FTE positions \$ 9,876,900

15 Consumer involvement program 291,600

16 Gambling addiction 3,000,000

17 Protection and advocacy services support 818,300

18 Mental health initiatives for older persons 1,165,800

19 Purchase of psychiatric residency training 3,635,100

20 Community residential and support services--9.0

21 FTE positions 5,588,400

22 Highway safety projects 2,337,200

23 Federal and other special projects 7,427,200

24 GROSS APPROPRIATION \$ 34,140,500

25 Appropriated from:

26 Federal revenues:

27 Total federal revenues: 11,433,100

28 Special revenue funds:

29 Total private revenues 125,000

30 Total other state restricted revenues 3,182,300

31 State general fund/general purpose \$ 19,400,100

32 **Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**33 **PROGRAMS**

1	Full-time equated classified positions	4.0	
2	Community mental health programs		\$1,614,771,500
3	Civil service charges		2,606,400
4	Federal mental health block grant--2.0 FTE		
5	positions		10,849,900
6	Pilot projects in prevention for		
7	adults and children--2.0 FTE positions		1,519,300
8	State disability assistance program substance		
9	abuse services		6,600,000
10	Community substance abuse prevention, education		
11	and treatment programs		<u>103,040,400</u>
12	GROSS APPROPRIATION		\$1,739,387,500
13	Appropriated from:		
14	Federal revenues:		
15	Total federal revenues		711,609,500
16	Special revenue funds:		
17	Total other state restricted revenues		6,242,400
18	State general fund/general purpose		\$1,021,535,600
19	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH		
20	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH		
21	SERVICES		
22	Total average population	1,428.0	
23	Full-time equated classified positions	4,580.0	
24	Caro regional mental health center-psychiatric hospital-		
25	adult--492.0 FTE positions		\$ 28,508,800
26	Average population	180.0	
27	Kalamazoo psychiatric hospital-adult--383.0 FTE		
28	positions		27,591,300
29	Average population	130.0	
30	Northville psychiatric hospital-adult--780.0 FTE		
31	positions		58,326,800
32	Average population	325.0	
33	Walter P. Reuther psychiatric hospital-adult--436.0		

1	FTE positions	32,737,200
2	Average population 210.0	
3	Hawthorn center-psychiatric hospital-children	
4	and adolescents--329.0 FTE positions	21,787,700
5	Average population 118.0	
6	Mount Pleasant center-developmental disabilities--	
7	481.0 FTE positions	30,206,300
8	Average population 195.0	
9	Southgate center-developmental disabilities--206.0	
10	FTE positions	16,242,100
11	Average population 60.0	
12	Center for forensic psychiatry--522.0 FTE positions	
13	37,197,100	
14	Average population 210.0	
15	Forensic mental health services provided to the	
16	department of corrections--938.0 FTE positions .	69,954,400
17	Revenue recapture	750,000
18	IDEA, federal special education	92,000
19	Special maintenance and equipment	1,054,000
20	Purchase of medical services for residents of	
21	hospitals and centers	1,700,000
22	Severance pay--13.0 FTE positions	1,351,500
23	Gifts and bequests for patient living and treatment	
24	environment	<u>2,000,000</u>
25	GROSS APPROPRIATION	\$ 329,499,200
26	Appropriated from:	
27	Interdepartmental grant revenues:	
28	Interdepartmental grant from the department of	
29	corrections	69,954,400
30	Federal revenues:	
31	Total federal revenues	31,062,500
32	Special revenue funds:	
33	CMHSP-Purchase of state services contracts	155,570,300

1	Other local revenues	15,819,900
2	Private funds	2,000,000
3	Total other state restricted revenues	15,987,800
4	State general fund/general purpose \$	39,104,300
5	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
6	Full-time equated classified positions 88.3	
7	Executive administration--15.5 FTE positions \$	1,320,200
8	Minority health grants and contracts	650,000
9	Vital records and health statistics--72.8 FTE	
10	positions	<u>5,775,600</u>
11	GROSS APPROPRIATION \$	7,745,800
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	Interdepartmental grant from family independence	
15	agency	135,600
16	Federal revenues:	
17	Total federal revenue	2,763,100
18	Special revenue funds:	
19	Total other state restricted revenues	1,767,700
20	State general fund/general purpose \$	3,079,400
21	Sec. 107. INFECTIOUS DISEASE CONTROL	
22	Full-time equated classified positions 44.3	
23	AIDS prevention, testing and care programs--9.8 FTE	
24	positions \$	20,292,300
25	Immunization program--7.7 FTE positions	13,195,600
26	Sexually transmitted disease control	
27	program--26.8 FTE positions	<u>5,103,100</u>
28	GROSS APPROPRIATION \$	38,591,000
29	Appropriated from:	
30	Federal revenues:	
31	Total federal revenues	27,076,900
32	Special revenue funds:	
33	Local funds	242,700

1	Private funds	710,000
2	Total other state restricted revenues	6,923,500
3	State general fund/general purpose \$	3,637,900
4	Sec. 108. LABORATORY SERVICES	
5	Full-time equated classified positions . . . 118.2	
6	Laboratory services--118.2 FTE positions \$	10,863,500
7	Lyme disease	<u>75,000</u>
8	GROSS APPROPRIATION \$	10,938,500
9	Appropriated from:	
10	Interdepartmental grant revenues:	
11	Interdepartmental grant from environmental	
12	quality	385,800
13	Federal revenues:	
14	Total federal revenues	1,172,900
15	Special revenue funds:	
16	Total other state restricted revenues	3,012,800
17	State general fund/general purpose \$	6,367,000
18	Sec. 109. EPIDEMIOLOGY	
19	Full-time equated classified positions 31.5	
20	AIDS surveillance and prevention program--7.0 FTE	
21	positions \$	1,772,800
22	Epidemiology administration--24.5 FTE positions .	4,304,200
23	Tuberculosis control program	<u>498,300</u>
24	GROSS APPROPRIATION \$	6,575,300
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	Interdepartmental grant from the department	
28	of environmental quality	80,600
29	Federal revenues:	
30	Total federal revenues	4,311,100
31	Special revenue funds:	
32	Total other state restricted revenues	231,000
33	State general fund/general purpose \$	1,952,600

1 **Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS**

2	Full-time equated classified positions	3.0	
3	Implementation of 1933 PA 133, MCL 333.17015	\$	100,000
4	Lead abatement program--3.0 FTE positions		1,818,200
5	Local health services		462,300
6	Local public health operations		39,874,000
7	Medical services cost reimbursement to local		
8	health departments		1,800,000
9	Special population health care		<u>620,600</u>
10	GROSS APPROPRIATION	\$	44,675,100
11	Appropriated from:		
12	Federal revenues:		
13	Total federal revenues		3,773,700
14	Special revenue funds:		
15	Total other state restricted revenues		243,500
16	State general fund/general purpose	\$	40,657,900

17 **Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**18 **PROMOTION**

19	Full-time equated classified positions	33.7	
20	AIDS and risk reduction clearinghouse and media		
21	campaign	\$	1,576,000
22	Alzheimer's information network		200,000
23	Cancer prevention and control program--13.6		
24	FTE positions		12,655,100
25	Chronic disease prevention		1,420,100
26	Diabetes local agreements		2,360,300
27	Employee wellness program grants		4,250,000
28	Health education, promotion, and research		
29	programs--11.9 FTE positions		2,026,300
30	Injury control intervention project		278,500
31	Physical fitness, nutrition, and health		1,250,000
32	Public health traffic safety coordination		115,000
33	School health and education programs		2,080,000

1	Smoking prevention program--6.2 FTE positions . .	7,849,600
2	Violence prevention--2.0 FTE positions	<u>3,089,600</u>
3	GROSS APPROPRIATION	\$ 39,150,500
4	Appropriated from:	
5	Federal revenues:	
6	Total federal funds	12,058,200
7	Special revenue funds:	
8	Total other state restricted revenues	24,281,100
9	State general fund/general purpose	\$ 2,811,200
10	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
11	Full-time equated classified positions . . . 129.8	
12	Adolescent health care services	\$ 2,892,300
13	Children's waiver home care program	21,713,700
14	Community living, children and families	
15	administration--114.3 FTE positions	10,746,900
16	Dental programs	411,400
17	Family planning local agreements	8,100,000
18	Family support subsidy	14,014,400
19	Housing and support services--1.0 FTE positions .	4,251,800
20	Lead paint program	491,800
21	Local MCH services	8,354,200
22	Maternal and child health outreach and advocacy	
23	programs	4,800,000
24	Migrant health care	166,100
25	Newborn screening follow-up and treatment	
26	services	2,480,700
27	Omnibus reconciliation implementation--9.0	
28	FTE positions	12,677,100
29	Pediatric AIDS prevention and control	871,100
30	Pregnancy prevention program	7,196,100
31	Prenatal care outreach and service	
32	delivery support	7,987,900
33	Southwest community partnership	1,000,000

1	Special projects--5.5 FTE positions	6,004,300
2	Sudden infant death syndrome program	121,300
3	Women, infants, and children program local	
4	agreements and food costs	<u>154,128,100</u>
5	GROSS APPROPRIATION	\$ 268,409,200
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenue	179,093,100
9	Special revenue funds:	
10	Private funds	41,954,100
11	Total other state restricted revenues	8,489,600
12	State general fund/general purpose	\$ 38,872,400
13	Sec. 113. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
14	Full-time equated classified positions	66.6
15	Children's special health care services	
16	administration--66.6 FTE positions	\$ 5,228,800
17	Bequests for care and services	1,254,600
18	Medical care and treatment	<u>118,661,600</u>
19	GROSS APPROPRIATION	\$ 125,145,000
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenue	58,336,300
23	Special revenue funds:	
24	Private-bequests	900,000
25	Total other state restricted revenues	4,048,500
26	State general fund/general purpose	\$ 61,860,200
27	Sec. 114. OFFICE OF DRUG CONTROL POLICY	
28	Full-time equated classified positions	17.0
29	Drug control policy--17.0 FTE positions	\$ 1,686,800
30	Anti-drug abuse grants	<u>33,400,000</u>
31	GROSS APPROPRIATION	\$ 35,086,800
32	Appropriated from:	
33	Federal revenues:	

1	Total federal revenue	34,912,400
2	State general fund/general purpose	\$ 174,400
3	Sec. 115. CRIME VICTIM SERVICES COMMISSION	
4	Full-time equated classified positions	9.0
5	Grants administration services--9.0 FTE positions	\$ 893,200
6	Justice assistance grants	9,000,000
7	Crime victim rights services grants	<u>6,829,600</u>
8	GROSS APPROPRIATION	\$ 16,722,800
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues:	9,784,900
12	Special revenue funds:	
13	Total other state restricted revenues	6,452,700
14	State general fund/general purpose	\$ 485,200
15	Sec. 116. OFFICE OF SERVICES TO THE AGING	
16	Full-time equated classified positions	36.5
17	Commission (per diem \$50.00)	\$ 10,500
18	Office of services to aging administration--36.5	
19	FTE positions	3,872,100
20	Community services	56,249,800
21	Senior volunteer services	4,220,800
22	Employment assistance	2,632,700
23	DAG commodity supplement	7,200,000
24	Michigan pharmaceutical program	6,000,000
25	Respite care program	<u>3,500,000</u>
26	GROSS APPROPRIATION	\$ 83,685,900
27	Appropriated from:	
28	Federal revenues:	
29	Total federal revenues	41,292,100
30	Special revenue funds:	
31	Total private revenue	125,000
32	Total other state restricted revenues	8,500,700
33	State general fund/general purpose	\$ 33,768,100

1 **Sec. 117. MEDICAL SERVICES ADMINISTRATION**

2	Full-time equated classified positions . . .	352.5	
3	Medical services administration--352.5 FTE		
4	positions		\$ 44,820,900
5	Data processing contractual services		100
6	Facility inspection contract-state police		132,800
7	MICchild administration		3,327,800
8	Michigan essential health care provider		1,229,100
9	Primary care services		<u>2,143,900</u>
10	GROSS APPROPRIATION		\$ 51,654,600
11	Appropriated from:		
12	Federal revenues:		
13	Total federal revenues		33,308,100
14	Special revenue funds:		
15	Private funds		100,000
16	Total other state restricted revenues		763,300
17	State general fund/general purpose		\$ 17,483,200
18	Sec. 118. MEDICAL SERVICES		
19	Medical services non-capitated		\$1,168,894,600
20	Hospital disproportionate share payments		45,000,000
21	Medicare premium payments		110,895,000
22	Long term care services		1,179,131,300
23	Health plan services		1,327,222,700
24	MICchild outreach		3,327,800
25	MICchild program		57,567,100
26	Maternal and child health		9,234,500
27	Social services to the physically disabled		1,344,900
28	Subtotal basic medical services program		\$ 3,902,617,900
29	Outpatient hospital adjustor		44,012,800
30	School based services		142,782,300
31	Special adjustor payments		874,795,400
32	Subtotal special medical services payments		<u>\$ 1,061,590,500</u>
33	GROSS APPROPRIATION		\$ 4,964,208,400

1 Appropriated from:

2 Federal revenues:

3 Total federal revenues 2,881,973,800

4 Special revenue funds:

5 Local revenues 642,944,200

6 Private funds 500,000

7 Total other state restricted 229,934,100

8 State general fund/general purpose \$1,208,856,300

9 PART 2

10 PROVISIONS CONCERNING APPROPRIATIONS

11 **GENERAL SECTIONS**

12 Sec. 201. (1) Pursuant to section 30 of article IX of the state
13 constitution of 1963, total state spending under part 1 for fiscal year
14 1999-2000 is estimated at \$2,872,787,000.00 and state appropriations to
15 be paid to local units of government are as follows:

16 DEPARTMENT OF COMMUNITY HEALTH

17 DEPARTMENTWIDE ADMINISTRATION

18 Departmental administration and management 1,618,000

19 COMMUNITY MENTAL HEALTH PROGRAMS

20 Pilot projects in prevention for adults and

21 children 1,441,800

22 Community substance abuse prevention, education,

23 and treatment grants 19,419,700

24 Community mental health programs 835,457,400

25 INFECTIOUS DISEASE CONTROL

26 AIDS prevention, testing, and care program 1,466,800

27 Sexually transmitted disease control program 452,900

28 LOCAL HEALTH ADMINISTRATION AND GRANTS

29 Special population health care 29,600

30 Local public health operations 39,874,000

31 CHRONIC DISEASE, INJURY, AND HEALTH PROMOTION

32 Cancer prevention and control program 397,000

33 Diabetes local agreements 1,275,000

34 Employee wellness programs 1,545,100

1	School health and education programs	2,000,000
2	Smoking prevention program	2,880,000
3	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
4	Adolescent health care services	1,358,000
5	Family planning local agreements	1,230,300
6	Family support subsidy	7,006,900
7	Homelessness formula grant program - state	
8	match	708,800
9	Local MCH services	246,100
10	OBRA implementation	2,459,100
11	Pregnancy prevention program	2,511,800
12	Prenatal care outreach and service	
13	delivery support	3,190,000
14	CRIME VICTIM SERVICES COMMISSION	
15	Crime victim rights services grants	3,400,000
16	OFFICE OF SERVICES TO THE AGING	
17	Community services	13,681,400
18	Nutrition services	12,363,000
19	Michigan pharmaceutical program	140,000
20	Respite care program	2,000,000
21	Senior volunteer services	3,845,300
22	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
23	Case management services	1,433,200
24	MEDICAL SERVICES	
25	Indigent medical program	1,383,800
26	Hospital disproportionate share payments	18,000,000
27	Medical services non-capitated	31,509,100
28	Health maintenance organizations	<u>54,575,700</u>
29	Total	\$ 1,068,899,800

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

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

4 Sec. 203. (1) Beginning October 1, 1999, a hiring freeze is imposed
5 on the state classified civil service. State departments and agencies
6 are prohibited from hiring any new full-time state classified civil
7 service employees and prohibited from filling any vacant state
8 classified civil service positions. This hiring freeze does not apply
9 to internal transfers of classified employees from one position to
10 another within a department or to positions that are funded with 80% or
11 more federal or restricted funds.

12 (2) The state budget director shall grant exceptions to this hiring
13 freeze when the state budget director believes that the hiring freeze
14 will result in rendering a state department or agency unable to deliver
15 basic services.

16 Sec. 204. The department of civil service shall bill departments
17 and agencies at the end of the first fiscal quarter for the 1% charge
18 authorized by section 5 of article XI of the state constitution of
19 1963. Payments shall be made for the total amount of the billing by the
20 end of the second fiscal quarter.

21 Sec. 205. As used in this appropriation bill:

22 (a) "ACCESS" means arab community center for economic and social
23 services.

24 (b) "AIDS" means acquired immunodeficiency syndrome.

25 (c) "CMHSP" means a community mental health service program as
26 that term is defined in section 100a of the mental health code, 1974 PA
27 258, MCL 330.1100a.

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

29 (e) "Department" means the Michigan department of community
30 health.

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

32 (g) "FTE" means full-time equated position.

33 (h) "GME" means graduate medical education.

34 (i) "HMO" means health maintenance organization.

1 (j) "IDEA" means individual disability education act.

2 (k) "MCH" means maternal and child health.

3 (l) "OBRA" means the omnibus budget reconciliation act.

4 (m) "Qualified health plan" means, at a minimum, an organization
5 that meets the criteria for delivering the comprehensive package of
6 services under the department's comprehensive health plan.

7 (n) "Title XVIII" means title XVIII of the social security act,
8 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395c to
9 1395i, 1395i-2 to 1395i-4, 1395j to 1395t, 1395u to 1395w-2, 1395w-4 to
10 1395zz, and 1395bbb to 1395ccc.

11 (o) "Title XIX" means title XIX of the social security act, chapter
12 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396G, and 1396i
13 to 1396s.

14 Sec. 206. Funds for which the state is acting as the custodian or
15 agent are not subject to annual appropriation.

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

21 Sec. 208. (1) From the amounts appropriated in part 1, no greater
22 than the following amounts are supported with federal maternal and
23 child health, preventive health and health services, substance abuse
24 block grant, healthy Michigan fund, and Michigan health initiative
25 funds:

26	(a) Maternal and child health block grant . . .	\$ 19,886,800
27	(b) Preventive health and health services	
28	block grant	4,982,300
29	(c) Substance abuse block grant	62,742,300
30	(d) Healthy Michigan funds	35,359,400
31	(e) Michigan health initiative	9,611,400

32 (2) On or before February 1, 2000, the department shall report to
33 the house and senate appropriations subcommittees on community health,
34 the house and senate fiscal agencies, and the state budget director on

1 the detailed name and amounts of federal, restricted, private, and
2 local sources of revenue that support the appropriations in each of the
3 line items in part 1 of this bill.

4 (3) Upon the release of the fiscal year 1999-2000 executive budget
5 recommendation, the department shall report to the same parties in
6 subsection (2) on the amounts and detailed sources of federal,
7 restricted, private, and local revenue proposed to support the total
8 funds appropriated in each of the line items in part 1 of the fiscal
9 year 1999-2000 executive budget proposal.

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

13 Sec. 209. The state departments, agencies, and commissions
14 receiving tobacco tax funds from part 1 shall report by October 1,
15 1999, to the senate and house appropriations committees, the senate and
16 house fiscal agencies, and the state budget director on the following:

17 (a) Detailed spending plan by appropriation line item including
18 description of programs.

19 (b) Allocations from funds appropriated under these sections.

20 (c) Description of allocations or bid processes including need or
21 demand indicators used to determine allocations.

22 (d) Eligibility criteria for program participation and maximum
23 benefit levels where applicable.

24 (e) Outcome measures to be used to evaluate programs.

25 Sec. 210. The use of state restricted tobacco tax revenue received
26 for the purpose of tobacco prevention, education, and reduction efforts
27 and deposited in the healthy Michigan fund shall not be used for
28 lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431.

29 Sec. 211. The source of funding for the part 1 appropriation for
30 the Arab-American and Chaldean council, and ACCESS primary care
31 services is the federal preventive health and health services block
32 grant.

33 Sec. 212. (1) In addition to funds appropriated in part 1 for all
34 programs and services, there is appropriated for write-offs of accounts

1 receivable, deferrals, and for prior year obligations in excess of
2 applicable prior year appropriations, an amount equal to total
3 write-offs and prior year obligations, but not to exceed amounts
4 available in prior year revenues.

5 (2) The department's ability to satisfy appropriation deductions in
6 part 1 shall not be limited to collections and accruals pertaining to
7 services provided in fiscal year 1999-2000, but shall also include
8 reimbursements, refunds, adjustments, and settlements from prior years.

9 Sec. 213. The department shall provide a report on the progress of
10 Medicaid managed mental health services to the members of the senate
11 and house appropriations subcommittees on community health, the senate
12 committee on families, mental health, and human services, and the house
13 committee on mental health by September 30, 2000. The report shall
14 summarize actions taken by the department community mental health
15 services programs and substance abuse coordinating agency networks to
16 implement these specialized managed care programs, and shall include
17 summary information on inpatient and partial hospitalization and costs,
18 access to services, and summary information on consumer satisfaction
19 measures.

20 Sec. 214. (1) In addition to the funds appropriated in part 1,
21 there is appropriated an amount not to exceed \$150,000,000.00 for
22 federal contingency funds. These funds are not available for
23 expenditure until they have been transferred to another line item in
24 this bill pursuant to section 393(2) of the management and budget act,
25 1984 PA 431, MCL 18.1393.

26 (2) In addition to the funds appropriated in part 1, there is
27 appropriated an amount not to exceed \$10,000,000.00 for state
28 restricted contingency funds. These funds are not available for
29 expenditure until they have been transferred to another line item in
30 this bill pursuant to section 393(2) of the management and budget act,
31 1984 PA 431, MCL 18.1393.

32 (3) In addition to the funds appropriated in part 1, there is
33 appropriated an amount not to exceed \$10,000,000.00 for local
34 contingency funds. These funds are not available for expenditure until

1 they have been transferred to another line item in this bill pursuant
2 to section 393(2) of the management and budget act, 1984 PA 431, MCL
3 18.1393.

4 (4) In addition to the funds appropriated in part 1, there is
5 appropriated an amount not to exceed \$10,000,000.00 for private
6 contingency funds. These funds are not available for expenditure until
7 they have been transferred to another line item in this bill pursuant
8 to section 393(2) of the management and budget act, 1984 PA 431, MCL
9 18.1393.

10 Sec. 215. Basic health services for the fiscal year beginning
11 October 1, 1999, for the purpose of part 23 of the public health code,
12 1978 PA 368, are: immunizations, communicable disease control, sexually
13 transmitted disease control, tuberculosis control, prevention of
14 gonorrhea eye infection in newborns, screening newborns for the seven
15 conditions listed in 1978 PA 368, MCL 333.5431; community health annex
16 of the Michigan emergency management plan and prenatal care.

17 Sec. 216. The department may contract with the Michigan public
18 health institute for the design and implementation of projects and for
19 other public health related activities prescribed in section 2611 of
20 the public health code, 1978 PA 368, MCL 333.2611. The department may
21 develop a master agreement with the institute for up to a 3-year period
22 to carry out these purposes. The department shall report on projects to
23 be carried out by the institute, expected project duration, and project
24 cost by November 1, 1999 and May 1, 2000 to the house and senate
25 appropriations subcommittees on community health, senate and house
26 fiscal agencies, and the state budget director. For the purposes of
27 this section, the Michigan public health institute shall be considered
28 a public health agency.

29 Sec. 217. The department of community health may establish and
30 collect fees for publications, videos and related materials,
31 conferences and workshops. Collected fees shall be used to offset
32 expenditures to pay for printing and mailing costs of the publications,
33 videos and related materials, and costs of the workshops and
34 conferences which costs shall not exceed fees collected.

1 **DEPARTMENTWIDE ADMINISTRATION**

2 Sec. 301. From funds appropriated for worker's compensation, the
3 department may make payments in lieu of worker's compensation payments
4 for wage/salary and related fringe benefits for employees who return to
5 work under limited duty assignments.

6 Sec. 302. Funds appropriated in part 1 for the community health
7 advisory council may be used for member per diems of \$50.00 and other
8 council expenditures.

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

10 Sec. 401. From funds appropriated in part 1, final authorizations
11 to CMHSPs shall be made upon the execution of contracts between the
12 department and CMHSPs. The contracts shall contain an approved plan
13 and budget as well as policies and procedures governing the obligations
14 and responsibilities of both parties to the contracts.

15 Sec. 402. From the funds appropriated for CMHSP, \$3,360,000.00 will
16 be directed toward providing multicultural special needs projects.

17 Sec. 403. (1) Not later than May 31 of each fiscal year, the
18 department shall provide a report on the community mental health
19 services programs to the members of the house and senate appropriations
20 subcommittees on community health, the house and senate fiscal
21 agencies, and the state budget director which shall include information
22 required by this section.

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

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

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

30 (c) Financial information which, minimally, shall include a
31 description of funding authorized; expenditures by client group and
32 fund source; and cost information by service category, including
33 administration. Service category shall include all department approved
34 services.

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

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

(i) The number of people receiving requested services.

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

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

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

Sec. 404. (1) The funds appropriated in part 1 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility of clients for the state disability assistance substance abuse services program shall include needy persons 18 years of age or older, or emancipated minors, who reside in a substance abuse treatment center.

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

Sec. 405. The department shall establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. The mechanisms and fee schedule shall be developed by the department with input from substance abuse

1 coordinating agencies.

2 Sec. 406. (1) By April 15, 2000, the department shall report the
3 following data from fiscal year 1998-99 on substance abuse prevention,
4 education, and treatment programs to the senate and house
5 appropriations subcommittees on community health and the senate and
6 house fiscal agencies:

7 (a) Expenditures stratified by coordinating agency, by central
8 diagnosis and referral agency, by fund source, by subcontractor, by
9 population served, and by service type. Additionally, data on
10 administrative expenditures by coordinating agency and by subcontractor
11 shall be reported.

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

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

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

21 (2) The department shall take all reasonable actions to ensure that
22 the required data reported are complete and consistent among all
23 coordinating agencies.

24 Sec. 407. The funding in part 1 for substance abuse services shall
25 be distributed in a manner so as to provide priority to service
26 providers which furnish child care services to clients with children.

27 Sec. 408. The department shall assure that substance abuse
28 treatment is provided to applicants and recipients of public assistance
29 through the family independence agency who are required to obtain
30 substance abuse treatment as a condition of eligibility for public
31 assistance.

32 Sec. 409. The department is authorized to competitively bid managed
33 care mental health services contracts on a pilot basis. Any savings
34 realized through the competitive bid process will be used to augment

1 services in the community served by the pilot program.

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

4 Sec. 501. (1) In funding of staff in the financial support
5 division, reimbursement, and billing and collection sections, priority
6 shall be given to obtaining third-party payments for services.
7 Collection from individual recipients of services and their families
8 shall be handled in a sensitive and non-harassing manner.

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

16 Sec. 502. Unexpended and unencumbered amounts and accompanying
17 expenditure authorizations up to \$2,000,000.00 remaining on September
18 30, 2000 from pay telephone revenues and the amounts appropriated in
19 part 1 for gifts and bequests for patient living and treatment
20 environments shall be carried forward for 1 fiscal year. The purpose of
21 gifts and bequests for patient living and treatment environments is to
22 use additional private funds to provide specific enhancements for
23 individuals residing at state-operated facilities. Use of the gifts and
24 bequests shall be consistent with the stipulation of the donor. The
25 expected completion date for the use of gifts and bequests donations is
26 within 3 years unless otherwise stipulated by the donor.

27 Sec. 503. The funds appropriated in part 1 for forensic mental
28 health services provided to the department of corrections are in
29 accordance with the interdepartmental plan developed in cooperation
30 with the department of corrections. The department is authorized to
31 receive and expend funds from the department of corrections in addition
32 to the appropriations in part 1 to fulfill the obligations outlined in
33 the interdepartmental agreements.

34 Sec. 504. The department is prohibited from requiring first-party

1 payment from individuals or families with a taxable income of \$9,000.00
2 or less for mental health services.

3 **PUBLIC HEALTH ADMINISTRATION**

4 Sec. 601. Of the amount appropriated in part 1 from revenues from
5 fees and collections, not more than \$250,000.00 received from the sale
6 of vital records death data shall be used for improvements in the vital
7 records and health statistics program.

8 **INFECTIOUS DISEASE CONTROL**

9 Sec. 701. State funds appropriated in any other account in part 1
10 may be used to supplant not more than \$350,000.00 in federal funds
11 projected for immunization, if the federal funds are unavailable. The
12 department shall inform the senate and house appropriations
13 subcommittees on community health, the senate and house fiscal
14 agencies, and the state budget director of the specific line items
15 reduced pursuant to this section.

16 Sec. 702. In the expenditure of funds appropriated in part 1 for
17 AIDS programs, the department and its subcontractors shall ensure that
18 adolescents receive priority for prevention, education, and outreach
19 services.

20 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

21 Sec. 801. The amount appropriated in part 1 for implementation of
22 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
23 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
24 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
25 health departments for costs incurred related to implementation of
26 section 17015(15) of the public health code, 1978 PA 368, MCL
27 333.17015.

28 Sec. 802. If a county receiving funding from the amount
29 appropriated in part 1 for local public health operations is part of a
30 district health department or in an associated arrangement with other
31 local health departments on October 1, 1998 and then ceases to be part
32 of such an arrangement, the allocation to that county from the local
33 public health operations appropriation shall be reduced by 10% from the
34 amount originally allocated.

1 Sec. 803. (1) Funds appropriated in part 1 for local public health
 2 operations shall be prospectively allocated to local health departments
 3 to support immunizations, infectious disease control, sexually
 4 transmitted diseases, hearing screening, vision services, food
 5 protection, public water supply, private ground water supply, and on-
 6 site sewage management. Food protection shall be provided under
 7 contract with the Michigan department of agriculture. Public water
 8 supply, private ground water supply, and on-site sewage management
 9 shall be provided under contract with the Michigan department of
 10 environmental quality.

11 (2) Local public health departments will be held to contractual
 12 standards for the services in subsection (1).

13 (3) Distributions in subsection (1) shall be made only to counties
 14 that maintain local spending in fiscal year 1999-2000 of at least the
 15 amount expended in fiscal year 1992-93 for the services in subsection
 16 (1).

17 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

18 Sec. 901. (1) The amount appropriated in part 1 for school health
 19 and education programs shall be allocated in 1999-2000 to provide
 20 grants to or contract with certain districts and intermediate districts
 21 for the provision of a school health education curriculum. Provision of
 22 the curriculum, such as the Michigan model or another comprehensive
 23 school health education curriculum, shall be in accordance with the
 24 health education goals established by the Michigan model for the
 25 comprehensive school health education state steering committee. The
 26 state steering committee shall be comprised of a representative from
 27 each of the following offices and departments:

28 (a) The department of education.

29 (b) The department of community health.

30 (c) The public health agency in the department of community health.

31 (d) The office of substance abuse services in the department of
 32 community health.

33 (e) The family independence agency.

34 (f) The department of state police.

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

Sec. 902. In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

Sec. 903. (1) From the amount appropriated in part 1 for the cancer prevention and control program, funds shall be allocated to the Karmanos cancer institute/Wayne State University, to the Michigan interactive health kiosk/University of Michigan, and to Michigan State University for cancer prevention activities.

COMMUNITY LIVING, CHILDREN, AND FAMILIES

Sec. 1001. Agencies receiving funds appropriated from part 1 for adolescent health care services shall require each adolescent health clinic funded by the agency to report to the department on an annual basis all of the following information:

(a) Funding sources of the adolescent health clinic.

(b) Demographic information of populations served including sex, age, and race.

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

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

Sec. 1002. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 10% shall be expended for local administration, data processing, and evaluation.

Sec. 1003. The funds appropriated in part 1 for pregnancy

1 prevention programs shall not be used to provide abortion counseling,
2 referrals, or services.

3 Sec. 1004. Agencies that currently receive pregnancy prevention
4 funds and either receive or are eligible for other family planning
5 funds shall have the option of receiving all of their family planning
6 funds directly from the department of community health and be
7 designated as delegate agencies.

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

9 Sec. 1101. Funds appropriated in part 1 for medical care and
10 treatment of children with special health care needs shall be paid
11 according to reimbursement policies determined by the Michigan medical
12 services program. Exceptions to these policies may be taken with the
13 prior approval of the state budget director.

14 Sec. 1102. The department may do 1 or more of the following:

15 (a) Provide special formula for eligible clients with specified
16 metabolic and allergic disorders.

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

19 (c) Provide genetic diagnostic and counseling services for
20 eligible families.

21 (d) Provide medical care and treatment to eligible patients with
22 hereditary coagulation defects, commonly known as hemophilia, who are
23 21 years of age or older.

24 **CRIME VICTIM SERVICES COMMISSION**

25 Sec. 1201. The per diem amount authorized for the crime victim
26 services commission is \$100.00.

27 **OFFICE OF SERVICES TO THE AGING**

28 Sec. 1301. The appropriation in part 1 to the office of services to
29 the aging, for community and nutrition services and home services,
30 shall be restricted to eligible individuals at least 60 years of age
31 who fail to qualify for home care services under title XVIII, XIX, or
32 XX of the social security act, chapter 531, 49 Stat. 620.

33 Sec. 1302. (1) The office of services to the aging may receive and
34 expend funds in addition to those authorized in part 1 for the

1 additional purposes described in this section.

2 (2) Money appropriated in part 1 for the Michigan pharmaceutical
3 program shall be used to purchase generic medicine when available and
4 medically practicable.

5 Sec. 1303. The office of services to the aging shall require each
6 region to report to the office of services to the aging home delivered
7 meals waiting lists based upon standard criteria. Determining criteria
8 shall include all of the following:

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

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

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

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

15 Sec. 1304. The office of services to the aging may receive and
16 expend fees for the provision of day care, care management, and respite
17 care. The office of services to the aging shall base the fees on a
18 sliding scale taking into consideration the client income. The office
19 of services to the aging shall use the fees to expand services.

20 Sec. 1305. The office of services to the aging may receive and
21 expend Medicaid funds for care management services.

22 **MEDICAL SERVICES ADMINISTRATION**

23 Sec. 1401. The funds appropriated in part 1 for the Michigan
24 essential health care provider program may also provide loan repayment
25 for dentists that fit the criteria established by part 27 of the public
26 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

27 **MEDICAL SERVICES**

28 Sec. 1501. (1) For care provided to medical services recipients
29 with other third-party sources of payment, medical services
30 reimbursement shall not exceed, in combination with such other
31 resources, including Medicare, those amounts established for medical
32 services-only patients. The medical services payment rate shall be
33 accepted as payment in full. Other than an approved medical services
34 copayment, no portion of a provider's charge shall be billed to the

1 recipient or any person acting on behalf of the recipient. Nothing in
2 this section shall be deemed to affect the level of payment from a
3 third-party source other than the medical services program. The
4 department shall require a nonenrolled provider to accept medical
5 services payments as payment in full.

6 (2) The cost of remedial services incurred by residents of licensed
7 adult foster care homes and licensed homes for the aged may be used in
8 determining financial eligibility for the medically needy. Remedial
9 services include basic self-care and rehabilitation training for a
10 resident.

11 (3) An institutional provider that is required to submit a cost
12 report under the medical services program shall submit cost reports
13 completed in full within 5 months after the end of its fiscal year.

14 (4) For the purpose of guardian and conservator charges, the
15 department of community health may deduct up to \$60.00 per month as an
16 allowable expense against a recipient's income when determining medical
17 services eligibility and patient pay amounts.

18 Sec. 1502. Except as prohibited by federal or state law or
19 regulation, the department may require copayments. The department
20 shall require copayments on prescriptions, dental, podiatric,
21 chiropractic, vision, and hearing aid services provided to recipients
22 of medical assistance. Any such copayments may be waived for
23 recipients who participate in a program of medical case management such
24 as enrollment in a health maintenance organization or the primary
25 physician sponsor plan program.

26 Sec. 1503. (1) From the funds appropriated in part 1 for the
27 indigent medical care program, the department shall establish a program
28 which provides for the basic health care needs of indigent persons as
29 delineated in the following subsections.

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

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

34 (b) Any other resident of this state who currently meets the income

1 and asset requirements for the state disability assistance program and
2 is not eligible for any other public or private health care coverage.

3 (3) All potentially eligible persons, except those defined in
4 subsection (2)(a), who shall be automatically enrolled, may apply for
5 enrollment in this program at local family independence agency offices
6 or other designated sites.

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

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

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

12 (c) Pharmaceutical services.

13 (5) Notwithstanding subsection (2)(b), the state may continue to
14 provide nursing facility coverage, including medically necessary
15 ancillary services, to individuals categorized as permanently residing
16 under color of law and who meet either of the following requirements:

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

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

23 Sec. 1504. The department may require medical services recipients
24 residing in counties offering managed care options to choose the
25 particular managed care plan in which they wish to be enrolled.
26 Persons not expressing a preference may be assigned to a managed care
27 provider.

28 Sec. 1505. (1) The department of community health is authorized to
29 pursue reimbursement for eligible services provided in Michigan schools
30 from the federal Medicaid program. The department and the state budget
31 director are authorized to negotiate and enter into agreements,
32 together with the Michigan department of education, with local and
33 intermediate school districts regarding the sharing of federal Medicaid
34 services funds received for these services. The department is

1 authorized to receive and disburse funds to participating school
2 districts pursuant to such agreements and state and federal law.

3 (2) From the funds appropriated in part 1 for medical services
4 school services payments, the department is authorized to do all of the
5 following:

6 (a) Finance activities within the medical services administration
7 related to this project.

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

11 (c) Offset general fund costs associated with the medical services
12 program.

13 (3) The special medical services payments appropriation in part 1
14 may be increased if the department submits a medical services state
15 plan amendment pertaining to this line item at a level higher than the
16 appropriation. The department is authorized to appropriately adjust
17 financing sources in accordance with the increased appropriation.

18 (4) From the funds appropriated in part 1, the department, subject
19 to the requirements and limitations in this section, shall establish a
20 funding pool of up to \$44,012,800.00 for the purpose of enhancing the
21 aggregate payment for medical services hospital services.

22 (5) For counties with populations in excess of 2,000,000 persons,
23 the department shall distribute \$44,012,800.00 to hospitals if
24 \$15,026,700.00 is received by the state from such counties, which meets
25 the criteria of an allowable state matching share as determined by
26 applicable federal laws and regulations. If the state receives a
27 lesser sum of an allowable state matching share from these counties,
28 the amount distributed shall be reduced accordingly.

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

32 (7) The department is authorized to establish similar programs in
33 additional counties if the expenditures for the programs do not
34 increase state general fund/general purpose costs and local funds are

1 provided.

2 (8) If a locally administered indigent health care program replaces
3 the state medical program authorized by section 1503 for a given county
4 on or before October 1, 1998, the state general fund/general purpose
5 dollars allocated for that county under this section shall not be less
6 than the general fund/general purpose expenditures for the state
7 medical program in that county in the previous fiscal year.

8 (9) The department may make separate payments directly to
9 qualifying hospitals serving a disproportionate share of indigent
10 patients, and to hospitals providing graduate medical education
11 training programs. If direct payment for GME and DSH is made to
12 qualifying hospitals for services to Medicaid clients, hospitals will
13 not include GME costs or DSH payments in their contracts with HMOs.

14 Sec. 1506. The department shall implement enforcement actions as
15 specified in the nursing facility enforcement provisions of title XIX
16 of the social security act, 42 U.S.C. 1396r. The department is
17 authorized to receive and spend penalty money received as the result of
18 noncompliance with medical services certification regulations. Penalty
19 money, characterized as private funds, received by the department shall
20 increase authorizations and allotments in the long-term care accounts.
21 Any unexpended penalty money, at the end of the year, shall carry
22 forward to the following year.

23 Sec. 1507. (1) The department may establish a program for persons
24 to purchase medical coverage at a rate determined by the department.

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

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

29 Sec. 1508. (1) Medicaid qualified health plans shall establish an
30 ongoing internal quality assurance program for health care services
31 provided to Medicaid recipients which includes:

32 (a) An emphasis on health outcomes.

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

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

3 (d) Evaluation of the continuity and coordination of care that
4 enrollees receive.

5 (e) Mechanisms to detect overutilization and underutilization of
6 services.

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

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

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

12 (i) Consumer involvement in the development of the quality
13 assurance program and consideration of enrollee complaints and
14 satisfaction survey results.

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

23 (3) Medicaid qualified health plans shall report encounter data,
24 including data on inpatient and outpatient hospital care, physician
25 visits, pharmaceutical services, and other services specified by the
26 department.

27 (4) Medicaid qualified health plans shall assure that all covered
28 services are available and accessible to enrollees with reasonable
29 promptness and in a manner which assures continuity. Medically
30 necessary services shall be available and accessible 24 hours a day and
31 7 days a week. Health plans shall continue to develop procedures for
32 determining medical necessity which may include a prior authorization
33 process.

34 (5) Medicaid qualified health plans shall provide for reimbursement

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

8 (6) Medicaid qualified health plans shall provide access to
9 appropriate providers, including qualified specialists for all
10 medically necessary services.

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

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

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

22 (10) Medicaid qualified health plans shall meet other standards and
23 requirements contained in state laws, administrative rules, and
24 policies promulgated by the department. The department may establish
25 alternative standards and requirements that specify financial
26 safeguards for organizations not otherwise covered by existing law
27 which assure that the organization has the ability to accept financial
28 risk.

29 (11) Medicaid qualified health plans shall develop written plans
30 for providing nonemergency medical transportation services funded
31 through supplemental payments made to the plans by the department, and
32 shall include information about transportation in their member
33 handbook.

34 Sec. 1509. (1) The protected income level for Medicaid coverage

1 determined pursuant to section 106(1)(b)(iii) of the social welfare
2 act, 1939 PA 280, MCL 400.106, shall be 100% of the related public
3 assistance standard.

4 Sec. 1510. The department shall promote activities that preserve
5 the dignity and rights of terminally ill and chronically ill
6 individuals. Priority shall be given to programs, such as hospice,
7 that focus on individual dignity and quality of care provided persons
8 with terminal illness and programs serving persons with chronic
9 illnesses that reduce the rate of suicide through the advancement of
10 the knowledge and use of improved, appropriate pain management for
11 these persons; and initiatives that train health care practitioners and
12 faculty in managing pain, providing palliative care and suicide
13 prevention.

14 Sec. 1511. (1) The appropriation in part 1 for the MICHild program
15 is to be used to provide comprehensive health care to all children
16 under age 19 who reside in families with income at or below 200% of the
17 federal poverty level, who are uninsured and have not had coverage by
18 other comprehensive health insurance within 6 months of making
19 application for MICHild benefits, and who are residents of this state.
20 The department shall develop detailed eligibility criteria through the
21 medical services administration public concurrence process, consistent
22 with the provisions of this bill. Health care coverage for children in
23 families below 150% of the federal poverty level shall be provided
24 through expanded eligibility under the state's Medicaid program. Health
25 coverage for children in families between 150% and 200% of the federal
26 poverty level shall be provided through a state-based private health
27 care program.

28 (2) The department shall enter into a contract to obtain MICHild
29 services from any health maintenance organization, dental care
30 corporation, or any other entity that offers to provide the managed
31 health care benefits for MICHild services at the MICHild capitated
32 rate. As used in this subsection:

33 (a) "Dental care corporation", "health care corporation",
34 "insurer", and "prudent purchaser agreement" mean those terms as

1 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
2 550.52.

3 (b) "Entity" means a health care corporation or insurer operating
4 in accordance with a prudent purchaser agreement.

5 (3) The department may enter into contracts to obtain certain
6 MICHild services from community mental health service programs.

7 (4) The department may make payments on behalf of children enrolled
8 in the MICHild program from the line-item appropriation associated with
9 the program as described in the MICHild state plan approved by the
10 United States department of health and human services, or from other
11 medical services line-item appropriations providing for specific health
12 care services.

13 (5) The department may establish premiums for MICHild eligible
14 persons in families with income above 150% of the federal poverty
15 level.

16 (6) To be eligible for the MICHild program, a child must be
17 residing in a family with an adjusted gross income of less than or
18 equal to 200% of the federal poverty level. The parent's income,
19 including stepparents' income when living with the child, or other
20 responsible relative's income is to be used. The department's
21 verification policy shall be used to determine eligibility.

22 Sec. 1512. All nursing home rate, class I and class III, must have
23 their respective fiscal year rate set 30 days prior to the beginning of
24 their rate year. Rates may take into account the most recent cost
25 report prepared and certified by the preparer, provider corporate owner
26 or representative as being true and accurate, and filed timely, within
27 5 months of the fiscal year end in accordance with Medicaid policy. If
28 the audited version of the last report is available, it shall be used.
29 Any rate factors based on the filed cost report may be retroactively
30 adjusted upon completion of the audit of that cost report.

final page