

SENATE BILL NO. 360

EXECUTIVE BUDGET BILL

February 23, 1999, Introduced by Senators GOUGEON, SCHWARZ, MC MANUS,  
BENNETT and STEIL and referred to the Committee on Appropriations.

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

1 health for the fiscal year ending September 30, 2000, from the  
2 following funds:

3 **DEPARTMENT OF COMMUNITY HEALTH**

4 APPROPRIATIONS SUMMARY:

5	Full-time equated unclassified positions . . .	7.0
6	Full-time equated classified positions . .	6,127.3
7	Average population . . . . .	1,428.0
8	GROSS APPROPRIATION . . . . .	\$ 7,868,269,400
9	Interdepartmental grant revenues:	
10	Total interdepartmental grants and	
11	intradepartmental transfers . . . . .	70,651,900
12	ADJUSTED GROSS APPROPRIATION . . . . .	\$ 7,797,617,500
13	Federal revenues:	
14	Total federal revenues . . . . .	4,063,811,400
15	Special revenue funds:	
16	Total local revenues . . . . .	814,577,100
17	Total private funds . . . . .	46,442,000
18	Total other state restricted revenues . . . . .	323,542,000
19	State general fund/general purpose . . . . .	\$ 2,549,245,000
20	<b>Sec. 102. DEPARTMENTWIDE ADMINISTRATION</b>	
21	Full-time equated unclassified positions . . .	7.0
22	Full-time equated classified positions . . .	489.7
23	Director and other unclassified--7.0 FTE . . . . .	
24	positions . . . . .	\$ 556,400
25	Community health advisory council . . . . .	28,900
26	Departmental administration and management--479.7	
27	FTE positions . . . . .	50,106,800
28	Workers' compensation program--1.0 FTE position .	12,009,800
29	Rent . . . . .	3,487,200
30	Building occupancy charges . . . . .	4,184,000

1	Developmental disabilities council and	
2	projects--9.0 FTE positions . . . . .	<u>2,280,200</u>
3	GROSS APPROPRIATION . . . . .	\$ 72,653,300
4	Appropriated from:	
5	Interdepartmental grant revenues:	
6	Interdepartmental grant from the department of treasury,	
7	Michigan state hospital finance authority . . .	95,500
8	Federal revenues:	
9	Total federal revenues . . . . .	19,849,700
10	Special revenue funds:	
11	Private funds . . . . .	27,900
12	Total other state restricted revenues . . . . .	3,481,000
13	State general fund/general purpose . . . . .	\$ 49,199,200
14	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION</b>	
15	<b>AND SPECIAL PROJECTS</b>	
16	Full-time equated classified positions . . . 123.2	
17	Mental health/substance abuse program	
18	administration--114.2 FTE positions . . . . .	\$ 9,876,900
19	Consumer involvement program . . . . .	291,600
20	Gambling addiction . . . . .	3,000,000
21	Protection and advocacy services support . . . .	818,300
22	Mental health initiatives for older persons . . .	1,165,800
23	Purchase of psychiatric residency training . . . .	3,635,100
24	Community residential and support services--9.0	
25	FTE positions . . . . .	5,588,400
26	Highway safety projects . . . . .	2,337,200
27	Federal and other special projects . . . . .	<u>7,427,200</u>
28	GROSS APPROPRIATION . . . . .	\$ 34,140,500
29	Appropriated from:	
30	Federal revenues:	

1	Total federal revenues: . . . . .	11,433,100
2	Special revenue funds:	
3	Total private revenues . . . . .	125,000
4	Total other state restricted revenues . . . . .	3,182,300
5	State general fund/general purpose . . . . .	\$ 19,400,100
6	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
7	<b>PROGRAMS</b>	
8	Full-time equated classified positions . . . . .	4.0
9	Community mental health programs . . . . .	\$1,614,771,500
10	Civil service charges . . . . .	2,606,400
11	Federal mental health block grant--2.0 FTE	
12	positions . . . . .	10,849,900
13	Pilot projects in prevention for	
14	adults and children--2.0 FTE positions . . . . .	1,519,300
15	State disability assistance program substance	
16	abuse services . . . . .	6,600,000
17	Community substance abuse prevention, education	
18	and treatment programs . . . . .	<u>103,040,400</u>
19	GROSS APPROPRIATION . . . . .	\$1,739,387,500
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues . . . . .	711,609,500
23	Special revenue funds:	
24	Total other state restricted revenues . . . . .	6,242,400
25	State general fund/general purpose . . . . .	\$1,021,535,600
26	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH</b>	
27	<b>DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH</b>	
28	<b>SERVICES</b>	
29	Total average population . . . . .	1,428.0
30	Full-time equated classified positions . . . . .	4,580.0

1	Caro regional mental health center-psychiatric hospital-	
2	adult--492.0 FTE positions . . . . .	\$ 28,508,800
3	Average population . . . . .	180.0
4	Kalamazoo psychiatric hospital-adult--383.0 FTE	
5	positions . . . . .	27,591,300
6	Average population . . . . .	130.0
7	Northville psychiatric hospital-adult--780.0 FTE	
8	positions . . . . .	58,326,800
9	Average population . . . . .	325.0
10	Walter P. Reuther psychiatric hospital-adult--436.0	
11	FTE positions . . . . .	32,737,200
12	Average population . . . . .	210.0
13	Hawthorn center-psychiatric hospital-children	
14	and adolescents--329.0 FTE positions . . . . .	21,787,700
15	Average population . . . . .	118.0
16	Mount Pleasant center-developmental disabilities--	
17	481.0 FTE positions . . . . .	30,206,300
18	Average population . . . . .	195.0
19	Southgate center-developmental disabilities--206.0	
20	FTE positions . . . . .	16,242,100
21	Average population . . . . .	60.0
22	Center for forensic psychiatry--522.0 FTE positions	
23	37,197,100	
24	Average population . . . . .	210.0
25	Forensic mental health services provided to the	
26	department of corrections--938.0 FTE positions .	69,954,400
27	Revenue recapture . . . . .	750,000
28	IDEA, federal special education . . . . .	92,000
29	Special maintenance and equipment . . . . .	1,054,000
30	Purchase of medical services for residents of	
31	hospitals and centers . . . . .	1,700,000

1	Severance pay--13.0 FTE positions . . . . .	1,351,500
2	Gifts and bequests for patient living and treatment	
3	environment . . . . .	<u>2,000,000</u>
4	GROSS APPROPRIATION . . . . .	\$ 329,499,200
5	Appropriated from:	
6	Interdepartmental grant revenues:	
7	Interdepartmental grant from the department of	
8	corrections . . . . .	69,954,400
9	Federal revenues:	
10	Total federal revenues . . . . .	31,062,500
11	Special revenue funds:	
12	CMHSP-Purchase of state services contracts . . . .	155,570,300
13	Other local revenues . . . . .	15,819,900
14	Private funds . . . . .	2,000,000
15	Total other state restricted revenues . . . . .	15,987,800
16	State general fund/general purpose . . . . .	\$ 39,104,300
17	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
18	Full-time equated classified positions . . . . 88.3	
19	Executive administration--15.5 FTE positions . . .	\$ 1,320,200
20	Minority health grants and contracts . . . . .	650,000
21	Vital records and health statistics--72.8 FTE	
22	positions . . . . .	<u>5,775,600</u>
23	GROSS APPROPRIATION . . . . .	\$ 7,745,800
24	Appropriated from:	
25	Interdepartmental grant revenues:	
26	Interdepartmental grant from family independence	
27	agency . . . . .	135,600
28	Federal revenues:	
29	Total federal revenue . . . . .	2,763,100
30	Special revenue funds:	

1	Total other state restricted revenues . . . . .	1,767,700
2	State general fund/general purpose . . . . . \$	3,079,400
3	<b>Sec. 107. INFECTIOUS DISEASE CONTROL</b>	
4	Full-time equated classified positions . . . . 44.3	
5	AIDS prevention, testing and care programs--9.8 FTE	
6	positions . . . . . \$	20,292,300
7	Immunization program--7.7 FTE positions . . . . .	13,195,600
8	Sexually transmitted disease control	
9	program--26.8 FTE positions . . . . .	<u>5,103,100</u>
10	GROSS APPROPRIATION . . . . . \$	38,591,000
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues . . . . .	27,076,900
14	Special revenue funds:	
15	Local funds . . . . .	242,700
16	Private funds . . . . .	710,000
17	Total other state restricted revenues . . . . .	6,923,500
18	State general fund/general purpose . . . . . \$	3,637,900
19	<b>Sec. 108. LABORATORY SERVICES</b>	
20	Full-time equated classified positions . . . 118.2	
21	Laboratory services--118.2 FTE positions . . . . . \$	10,863,500
22	Lyme disease . . . . .	<u>75,000</u>
23	GROSS APPROPRIATION . . . . . \$	10,938,500
24	Appropriated from:	
25	Interdepartmental grant revenues:	
26	Interdepartmental grant from environmental	
27	quality . . . . .	385,800
28	Federal revenues:	
29	Total federal revenues . . . . .	1,172,900
30	Special revenue funds:	

1	Total other state restricted revenues . . . . .	3,012,800
2	State general fund/general purpose . . . . . \$	6,367,000
3	<b>Sec. 109. EPIDEMIOLOGY</b>	
4	Full-time equated classified positions . . . . . 31.5	
5	AIDS surveillance and prevention program--7.0 FTE	
6	positions . . . . . \$	1,772,800
7	Epidemiology administration--24.5 FTE positions .	4,304,200
8	Tuberculosis control program . . . . .	<u>498,300</u>
9	GROSS APPROPRIATION . . . . . \$	6,575,300
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	Interdepartmental grant from the department	
13	of environmental quality . . . . .	80,600
14	Federal revenues:	
15	Total federal revenues . . . . .	4,311,100
16	Special revenue funds:	
17	Total other state restricted revenues . . . . .	231,000
18	State general fund/general purpose . . . . . \$	1,952,600
19	<b>Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
20	Full-time equated classified positions . . . . . 3.0	
21	Implementation of 1933 PA 133, MCL 333.17015 . . . . \$	100,000
22	Lead abatement program--3.0 FTE positions . . . . .	1,818,200
23	Local health services . . . . .	462,300
24	Local public health operations . . . . .	39,874,000
25	Medical services cost reimbursement to local	
26	health departments . . . . .	1,800,000
27	Special population health care . . . . .	<u>620,600</u>
28	GROSS APPROPRIATION . . . . . \$	44,675,100
29	Appropriated from:	
30	Federal revenues:	



1	Total federal revenues . . . . .	3,773,700
2	Special revenue funds:	
3	Total other state restricted revenues . . . . .	243,500
4	State general fund/general purpose . . . . .	\$ 40,657,900
5	<b>Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH</b>	
6	<b>PROMOTION</b>	
7	Full-time equated classified positions . . . . 33.7	
8	AIDS and risk reduction clearinghouse and media	
9	campaign . . . . .	\$ 1,576,000
10	Alzheimer's information network . . . . .	200,000
11	Cancer prevention and control program--13.6	
12	FTE positions . . . . .	12,655,100
13	Chronic disease prevention . . . . .	1,420,100
14	Diabetes local agreements . . . . .	2,360,300
15	Employee wellness program grants . . . . .	4,250,000
16	Health education, promotion, and research	
17	programs--11.9 FTE positions . . . . .	2,026,300
18	Injury control intervention project . . . . .	278,500
19	Physical fitness, nutrition, and health . . . . .	1,250,000
20	Public health traffic safety coordination . . . . .	115,000
21	School health and education programs . . . . .	2,080,000
22	Smoking prevention program--6.2 FTE positions . . . . .	7,849,600
23	Violence prevention--2.0 FTE positions . . . . .	<u>3,089,600</u>
24	GROSS APPROPRIATION . . . . .	\$ 39,150,500
25	Appropriated from:	
26	Federal revenues:	
27	Total federal funds . . . . .	12,058,200
28	Special revenue funds:	
29	Total other state restricted revenues . . . . .	24,281,100
30	State general fund/general purpose . . . . .	\$ 2,811,200

1	<b>Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES</b>	
2	Full-time equated classified positions . . .	129.8
3	Adolescent health care services . . . . .	\$ 2,892,300
4	Children's waiver home care program . . . . .	21,713,700
5	Community living, children and families	
6	administration--114.3 FTE positions . . . . .	10,746,900
7	Dental programs . . . . .	411,400
8	Family planning local agreements . . . . .	8,100,000
9	Family support subsidy . . . . .	14,014,400
10	Housing and support services--1.0 FTE positions .	4,251,800
11	Lead paint program . . . . .	491,800
12	Local MCH services . . . . .	8,354,200
13	Maternal and child health outreach and advocacy	
14	programs . . . . .	4,800,000
15	Migrant health care . . . . .	166,100
16	Newborn screening follow-up and treatment	
17	services . . . . .	2,480,700
18	Omnibus reconciliation implementation--9.0	
19	FTE positions . . . . .	12,677,100
20	Pediatric AIDS prevention and control . . . . .	871,100
21	Pregnancy prevention program . . . . .	7,196,100
22	Prenatal care outreach and service	
23	delivery support . . . . .	7,987,900
24	Southwest community partnership . . . . .	1,000,000
25	Special projects--5.5 FTE positions . . . . .	6,004,300
26	Sudden infant death syndrome program . . . . .	121,300
27	Women, infants, and children program local	
28	agreements and food costs . . . . .	<u>154,128,100</u>
29	GROSS APPROPRIATION . . . . .	\$ 268,409,200
30	Appropriated from:	

1	Federal revenues:	
2	Total federal revenue . . . . .	179,093,100
3	Special revenue funds:	
4	Private funds . . . . .	41,954,100
5	Total other state restricted revenues . . . . .	8,489,600
6	State general fund/general purpose . . . . .	\$ 38,872,400
7	<b>Sec. 113. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>	
8	Full-time equated classified positions . . . . .	66.6
9	Children's special health care services	
10	administration--66.6 FTE positions . . . . .	\$ 5,228,800
11	Bequests for care and services . . . . .	1,254,600
12	Medical care and treatment . . . . .	<u>118,661,600</u>
13	GROSS APPROPRIATION . . . . .	\$ 125,145,000
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenue . . . . .	58,336,300
17	Special revenue funds:	
18	Private-bequests . . . . .	900,000
19	Total other state restricted revenues . . . . .	4,048,500
20	State general fund/general purpose . . . . .	\$ 61,860,200
21	<b>Sec. 114. OFFICE OF DRUG CONTROL POLICY</b>	
22	Full-time equated classified positions . . . . .	17.0
23	Drug control policy--17.0 FTE positions . . . . .	\$ 1,686,800
24	Anti-drug abuse grants . . . . .	<u>33,400,000</u>
25	GROSS APPROPRIATION . . . . .	\$ 35,086,800
26	Appropriated from:	
27	Federal revenues:	
28	Total federal revenue . . . . .	34,912,400
29	State general fund/general purpose . . . . .	\$ 174,400
30	<b>Sec. 115. CRIME VICTIM SERVICES COMMISSION</b>	

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

1	<b>Sec. 117. MEDICAL SERVICES ADMINISTRATION</b>		
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	MIChild 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	<b>Sec. 118. MEDICAL SERVICES</b>		
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	MIChild outreach . . . . .		3,327,800
25	MIChild 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

1	Special adjustor payments . . . . .	874,795,400
2	Subtotal special medical services payments . . . .	\$ <u>1,061,590,500</u>
3	GROSS APPROPRIATION . . . . .	\$ 4,964,208,400
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues . . . . .	2,881,973,800
7	Special revenue funds:	
8	Local revenues . . . . .	642,944,200
9	Private funds . . . . .	500,000
10	Total other state restricted . . . . .	229,934,100
11	State general fund/general purpose . . . . .	\$ 1,208,856,300

12 PART 2

13 PROVISIONS CONCERNING APPROPRIATIONS

14 **GENERAL SECTIONS**

15 Sec. 201. (1) Pursuant to section 30 of article IX of the state

16 constitution of 1963, total state spending under part 1 for fiscal year

17 1999-2000 is estimated at \$2,872,787,000.00 and state appropriations to

18 be paid to local units of government are as follows:

19 DEPARTMENT OF COMMUNITY HEALTH

20 DEPARTMENTWIDE ADMINISTRATION

21	Departmental administration and management . . . .	1,618,000
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22 COMMUNITY MENTAL HEALTH PROGRAMS

23	Pilot projects in prevention for adults and	
24	children . . . . .	1,441,800

25	Community substance abuse prevention, education,	
26	and treatment grants . . . . .	19,419,700

27	Community mental health programs . . . . .	835,457,400
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28 INFECTIOUS DISEASE CONTROL

29	AIDS prevention, testing, and care program . . . .	1,466,800
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30	Sexually transmitted disease control program . . .	452,900
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1	LOCAL HEALTH ADMINISTRATION AND GRANTS	
2	Special population health care . . . . .	29,600
3	Local public health operations . . . . .	39,874,000
4	CHRONIC DISEASE, INJURY, AND HEALTH PROMOTION	
5	Cancer prevention and control program . . . . .	397,000
6	Diabetes local agreements . . . . .	1,275,000
7	Employee wellness programs . . . . .	1,545,100
8	School health and education programs . . . . .	2,000,000
9	Smoking prevention program . . . . .	2,880,000
10	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
11	Adolescent health care services . . . . .	1,358,000
12	Family planning local agreements . . . . .	1,230,300
13	Family support subsidy . . . . .	7,006,900
14	Homelessness formula grant program - state	
15	match . . . . .	708,800
16	Local MCH services . . . . .	246,100
17	OBRA implementation . . . . .	2,459,100
18	Pregnancy prevention program . . . . .	2,511,800
19	Prenatal care outreach and service	
20	delivery support . . . . .	3,190,000
21	CRIME VICTIM SERVICES COMMISSION	
22	Crime victim rights services grants . . . . .	3,400,000
23	OFFICE OF SERVICES TO THE AGING	
24	Community services . . . . .	13,681,400
25	Nutrition services . . . . .	12,363,000
26	Michigan pharmaceutical program . . . . .	140,000
27	Respite care program . . . . .	2,000,000
28	Senior volunteer services . . . . .	3,845,300
29	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
30	Case management services . . . . .	1,433,200
31	MEDICAL SERVICES	

1	Indigent medical program . . . . .	1,383,800
2	Hospital disproportionate share payments . . . . .	18,000,000
3	Medical services non-capitated . . . . .	31,509,100
4	Health maintenance organizations . . . . .	<u>54,575,700</u>
5	Total . . . . .	\$ 1,068,899,800

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

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

14       Sec. 203. (1) Beginning October 1, 1999, a hiring freeze is imposed  
15 on the state classified civil service. State departments and agencies  
16 are prohibited from hiring any new full-time state classified civil  
17 service employees and prohibited from filling any vacant state  
18 classified civil service positions. This hiring freeze does not apply  
19 to internal transfers of classified employees from one position to  
20 another within a department or to positions that are funded with 80% or  
21 more federal or restricted funds.

22       (2) The state budget director shall grant exceptions to this hiring  
23 freeze when the state budget director believes that the hiring freeze  
24 will result in rendering a state department or agency unable to deliver  
25 basic services.

26       Sec. 204. The department of civil service shall bill departments  
27 and agencies at the end of the first fiscal quarter for the 1% charge  
28 authorized by section 5 of article XI of the state constitution of  
29 1963. Payments shall be made for the total amount of the billing by the  
30 end of the second fiscal quarter.

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



1 (a) "ACCESS" means arab community center for economic and social  
2 services.

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

4 (c) "CMHSP" means a community mental health service program as  
5 that term is defined in section 100a of the mental health code, 1974 PA  
6 258, MCL 330.1100a.

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

8 (e) "Department" means the Michigan department of community  
9 health.

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

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

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

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

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

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

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

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

20 (n) "Title XVIII" means title XVIII of the social security act,  
21 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395c to  
22 1395i, 1395i-2 to 1395i-4, 1395j to 1395t, 1395u to 1395w-2, 1395w-4 to  
23 1395zz, and 1395bbb to 1395ccc.

24 (o) "Title XIX" means title XIX of the social security act, chapter  
25 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396G, and 1396i  
26 to 1396s.

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

29 Sec. 207. If the revenue collected by the department from fees and  
30 collections exceeds the amount appropriated in part 1, the revenue may  
31 be carried forward into the subsequent fiscal year. The revenue carried

1 forward under this section shall be used as the first source of funds  
2 in the subsequent fiscal year.

3 Sec. 208. (1) From the amounts appropriated in part 1, no greater  
4 than the following amounts are supported with federal maternal and  
5 child health, preventive health and health services, substance abuse  
6 block grant, healthy Michigan fund, and Michigan health initiative  
7 funds:

8 (a) Maternal and child health block grant . . . \$	19,886,800
9 (b) Preventive health and health services	
10 block grant . . . . .	4,982,300
11 (c) Substance abuse block grant . . . . .	62,742,300
12 (d) Healthy Michigan funds . . . . .	35,359,400
13 (e) Michigan health initiative . . . . .	9,611,400

14 (2) On or before February 1, 2000, the department shall report to  
15 the house and senate appropriations subcommittees on community health,  
16 the house and senate fiscal agencies, and the state budget director on  
17 the detailed name and amounts of federal, restricted, private, and  
18 local sources of revenue that support the appropriations in each of the  
19 line items in part 1 of this bill.

20 (3) Upon the release of the fiscal year 1999-2000 executive budget  
21 recommendation, the department shall report to the same parties in  
22 subsection (2) on the amounts and detailed sources of federal,  
23 restricted, private, and local revenue proposed to support the total  
24 funds appropriated in each of the line items in part 1 of the fiscal  
25 year 1999-2000 executive budget proposal.

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

29 Sec. 209. The state departments, agencies, and commissions  
30 receiving tobacco tax funds from part 1 shall report by October 1,  
31 1999, to the senate and house appropriations committees, the senate and

1 house fiscal agencies, and the state budget director on the following:

2 (a) Detailed spending plan by appropriation line item including  
3 description of programs.

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

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

7 (d) Eligibility criteria for program participation and maximum  
8 benefit levels where applicable.

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

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

14 Sec. 211. The source of funding for the part 1 appropriation for  
15 the Arab-American and Chaldean council, and ACCESS primary care  
16 services is the federal preventive health and health services block  
17 grant.

18 Sec. 212. (1) In addition to funds appropriated in part 1 for all  
19 programs and services, there is appropriated for write-offs of accounts  
20 receivable, deferrals, and for prior year obligations in excess of  
21 applicable prior year appropriations, an amount equal to total  
22 write-offs and prior year obligations, but not to exceed amounts  
23 available in prior year revenues.

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

28 Sec. 213. The department shall provide a report on the progress of  
29 Medicaid managed mental health services to the members of the senate  
30 and house appropriations subcommittees on community health, the senate  
31 committee on families, mental health, and human services, and the house

1 committee on mental health by September 30, 2000. The report shall  
2 summarize actions taken by the department community mental health  
3 services programs and substance abuse coordinating agency networks to  
4 implement these specialized managed care programs, and shall include  
5 summary information on inpatient and partial hospitalization and costs,  
6 access to services, and summary information on consumer satisfaction  
7 measures.

8       Sec. 214. (1) In addition to the funds appropriated in part 1,  
9 there is appropriated an amount not to exceed \$150,000,000.00 for  
10 federal contingency funds. These funds are not available for  
11 expenditure until they have been transferred to another line item in  
12 this bill pursuant to section 393(2) of the management and budget act,  
13 1984 PA 431, MCL 18.1393.

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

20       (3) In addition to the funds appropriated in part 1, there is  
21 appropriated an amount not to exceed \$10,000,000.00 for local  
22 contingency funds. These funds are not available for expenditure until  
23 they have been transferred to another line item in this bill pursuant  
24 to section 393(2) of the management and budget act, 1984 PA 431, MCL  
25 18.1393.

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

1       Sec. 215. Basic health services for the fiscal year beginning  
2       October 1, 1999, for the purpose of part 23 of the public health code,  
3       1978 PA 368, are: immunizations, communicable disease control, sexually  
4       transmitted disease control, tuberculosis control, prevention of  
5       gonorrhea eye infection in newborns, screening newborns for the seven  
6       conditions listed in 1978 PA 368, MCL 333.5431; community health annex  
7       of the Michigan emergency management plan and prenatal care.

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

20      Sec. 217. The department of community health may establish and  
21      collect fees for publications, videos and related materials,  
22      conferences and workshops. Collected fees shall be used to offset  
23      expenditures to pay for printing and mailing costs of the publications,  
24      videos and related materials, and costs of the workshops and  
25      conferences which costs shall not exceed fees collected.

#### 26      **DEPARTMENTWIDE ADMINISTRATION**

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

1       Sec. 302. 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       **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

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

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

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

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

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

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

25      (c) Financial information which, minimally, shall include a  
26 description of funding authorized; expenditures by client group and  
27 fund source; and cost information by service category, including  
28 administration. Service category shall include all department approved  
29 services.

30      (d) Data describing service outcomes which shall include but not be

1 limited to an evaluation of consumer satisfaction, consumer choice, and  
2 quality of life concerns including but not limited to housing and  
3 employment.

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

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

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

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

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

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

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

30 Sec. 405. The department shall establish a fee schedule for  
31 providing substance abuse services and charge participants in

1 accordance with their ability to pay. The mechanisms and fee schedule  
2 shall be developed by the department with input from substance abuse  
3 coordinating agencies.

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

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

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

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

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

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

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

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



1 substance abuse treatment as a condition of eligibility for public  
2 assistance.

3 Sec. 409. The department is authorized to competitively bid managed  
4 care mental health services contracts on a pilot basis. Any savings  
5 realized through the competitive bid process will be used to augment  
6 services in the community served by the pilot program.

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

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

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

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

1 within 3 years unless otherwise stipulated by the donor.

2 Sec. 503. The funds appropriated in part 1 for forensic mental  
3 health services provided to the department of corrections are in  
4 accordance with the interdepartmental plan developed in cooperation  
5 with the department of corrections. The department is authorized to  
6 receive and expend funds from the department of corrections in addition  
7 to the appropriations in part 1 to fulfill the obligations outlined in  
8 the interdepartmental agreements.

9 Sec. 504. The department is prohibited from requiring first-party  
10 payment from individuals or families with a taxable income of \$9,000.00  
11 or less for mental health services.

12 **PUBLIC HEALTH ADMINISTRATION**

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

17 **INFECTIOUS DISEASE CONTROL**

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

25 Sec. 702. In the expenditure of funds appropriated in part 1 for  
26 AIDS programs, the department and its subcontractors shall ensure that  
27 adolescents receive priority for prevention, education, and outreach  
28 services.

29 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

30 Sec. 801. The amount appropriated in part 1 for implementation of

1 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and  
2 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,  
3 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local  
4 health departments for costs incurred related to implementation of  
5 section 17015(15) of the public health code, 1978 PA 368, MCL  
6 333.17015.

7 Sec. 802. If a county receiving funding from the amount  
8 appropriated in part 1 for local public health operations is part of a  
9 district health department or in an associated arrangement with other  
10 local health departments on October 1, 1998 and then ceases to be part  
11 of such an arrangement, the allocation to that county from the local  
12 public health operations appropriation shall be reduced by 10% from the  
13 amount originally allocated.

14 Sec. 803. (1) Funds appropriated in part 1 for local public health  
15 operations shall be prospectively allocated to local health departments  
16 to support immunizations, infectious disease control, sexually  
17 transmitted diseases, hearing screening, vision services, food  
18 protection, public water supply, private ground water supply, and on-  
19 site sewage management. Food protection shall be provided under  
20 contract with the Michigan department of agriculture. Public water  
21 supply, private ground water supply, and on-site sewage management  
22 shall be provided under contract with the Michigan department of  
23 environmental quality.

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

26 (3) Distributions in subsection (1) shall be made only to counties  
27 that maintain local spending in fiscal year 1999-2000 of at least the  
28 amount expended in fiscal year 1992-93 for the services in subsection  
29 (1).

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

1       Sec. 901. (1) The amount appropriated in part 1 for school health  
2 and education programs shall be allocated in 1999-2000 to provide  
3 grants to or contract with certain districts and intermediate districts  
4 for the provision of a school health education curriculum. Provision of  
5 the curriculum, such as the Michigan model or another comprehensive  
6 school health education curriculum, shall be in accordance with the  
7 health education goals established by the Michigan model for the  
8 comprehensive school health education state steering committee. The  
9 state steering committee shall be comprised of a representative from  
10 each of the following offices and departments:

11       (a) The department of education.

12       (b) The department of community health.

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

14       (d) The office of substance abuse services in the department of  
15 community health.

16       (e) The family independence agency.

17       (f) The department of state police.

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

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

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

6       **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

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

11       (a) Funding sources of the adolescent health clinic.

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

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

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

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

20       Sec. 1003. The funds appropriated in part 1 for pregnancy  
21 prevention programs shall not be used to provide abortion counseling,  
22 referrals, or services.

23       Sec. 1004. Agencies that currently receive pregnancy prevention  
24 funds and either receive or are eligible for other family planning  
25 funds shall have the option of receiving all of their family planning  
26 funds directly from the department of community health and be  
27 designated as delegate agencies.

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

29       Sec. 1101. Funds appropriated in part 1 for medical care and  
30 treatment of children with special health care needs shall be paid

1 according to reimbursement policies determined by the Michigan medical  
2 services program. Exceptions to these policies may be taken with the  
3 prior approval of the state budget director.

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

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

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

9 (c) Provide genetic diagnostic and counseling services for  
10 eligible families.

11 (d) Provide medical care and treatment to eligible patients with  
12 hereditary coagulation defects, commonly known as hemophilia, who are  
13 21 years of age or older.

#### 14 **CRIME VICTIM SERVICES COMMISSION**

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

#### 17 **OFFICE OF SERVICES TO THE AGING**

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

23 Sec. 1302. (1) The office of services to the aging may receive and  
24 expend funds in addition to those authorized in part 1 for the  
25 additional purposes described in this section.

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

29 Sec. 1303. The office of services to the aging shall require each  
30 region to report to the office of services to the aging home delivered

1 meals waiting lists based upon standard criteria. Determining criteria  
2 shall include all of the following:

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

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

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

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

9 Sec. 1304. The office of services to the aging may receive and  
10 expend fees for the provision of day care, care management, and respite  
11 care. The office of services to the aging shall base the fees on a  
12 sliding scale taking into consideration the client income. The office  
13 of services to the aging shall use the fees to expand services.

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

16 **MEDICAL SERVICES ADMINISTRATION**

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

21 **MEDICAL SERVICES**

22 Sec. 1501. (1) For care provided to medical services recipients  
23 with other third-party sources of payment, medical services  
24 reimbursement shall not exceed, in combination with such other  
25 resources, including Medicare, those amounts established for medical  
26 services-only patients. The medical services payment rate shall be  
27 accepted as payment in full. Other than an approved medical services  
28 copayment, no portion of a provider's charge shall be billed to the  
29 recipient or any person acting on behalf of the recipient. Nothing in  
30 this section shall be deemed to affect the level of payment from a

1 third-party source other than the medical services program. The  
2 department shall require a nonenrolled provider to accept medical  
3 services payments as payment in full.

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

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

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

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

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

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

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



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

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

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

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

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

13 (c) Pharmaceutical services.

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

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

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

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

29 Sec. 1505. (1) The department of community health is authorized to  
30 pursue reimbursement for eligible services provided in Michigan schools  
31 from the federal Medicaid program. The department and the state budget

1 director are authorized to negotiate and enter into agreements,  
2 together with the Michigan department of education, with local and  
3 intermediate school districts regarding the sharing of federal Medicaid  
4 services funds received for these services. The department is  
5 authorized to receive and disburse funds to participating school  
6 districts pursuant to such agreements and state and federal law.

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

10 (a) Finance activities within the medical services administration  
11 related to this project.

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

15 (c) Offset general fund costs associated with the medical services  
16 program.

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

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

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

1 the amount distributed shall be reduced accordingly.

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

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

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

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

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

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

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

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

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

8       (a) An emphasis on health outcomes.

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

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

13       (d) Evaluation of the continuity and coordination of care that  
14 enrollees receive.

15       (e) Mechanisms to detect overutilization and underutilization of  
16 services.

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

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

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

22       (i) Consumer involvement in the development of the quality  
23 assurance program and consideration of enrollee complaints and  
24 satisfaction survey results.

25       (2) Medicaid qualified health plans shall apply for accreditation  
26 by an appropriate external independent accrediting organization  
27 requiring standards recognized by the department once those plans have  
28 met the application requirements. The state shall accept accreditation  
29 of a plan by an approved accrediting organization as proof that the  
30 plan meets some or all of the state's requirements, if the state  
31 determines that the accrediting organization's standards meet or exceed

1 the state's requirements.

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

6 (4) Medicaid qualified health plans shall assure that all covered  
7 services are available and accessible to enrollees with reasonable  
8 promptness and in a manner which assures continuity. Medically  
9 necessary services shall be available and accessible 24 hours a day and  
10 7 days a week. Health plans shall continue to develop procedures for  
11 determining medical necessity which may include a prior authorization  
12 process.

13 (5) Medicaid qualified health plans shall provide for reimbursement  
14 of plan covered services delivered other than through the plan's  
15 providers if medically necessary and approved by the plan, immediately  
16 required, and which could not be reasonably obtained through the plan's  
17 providers on a timely basis. Such services shall be deemed approved if  
18 the plan does not respond to a request for authorization within 24  
19 hours of the request. Reimbursement shall not exceed the Medicaid fee-  
20 for-service payment for such services.

21 (6) Medicaid qualified health plans shall provide access to  
22 appropriate providers, including qualified specialists for all  
23 medically necessary services.

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

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

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

4       (10) Medicaid qualified health plans shall meet other standards and  
5 requirements contained in state laws, administrative rules, and  
6 policies promulgated by the department. The department may establish  
7 alternative standards and requirements that specify financial  
8 safeguards for organizations not otherwise covered by existing law  
9 which assure that the organization has the ability to accept financial  
10 risk.

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

16       Sec. 1509. (1) The protected income level for Medicaid coverage  
17 determined pursuant to section 106(1)(b)(iii) of the social welfare  
18 act, 1939 PA 280, MCL 400.106, shall be 100% of the related public  
19 assistance standard.

20       Sec. 1510. The department shall promote activities that preserve  
21 the dignity and rights of terminally ill and chronically ill  
22 individuals. Priority shall be given to programs, such as hospice,  
23 that focus on individual dignity and quality of care provided persons  
24 with terminal illness and programs serving persons with chronic  
25 illnesses that reduce the rate of suicide through the advancement of  
26 the knowledge and use of improved, appropriate pain management for  
27 these persons; and initiatives that train health care practitioners and  
28 faculty in managing pain, providing palliative care and suicide  
29 prevention.

30       Sec. 1511. (1) The appropriation in part 1 for the MICHild program  
31 is to be used to provide comprehensive health care to all children

1 under age 19 who reside in families with income at or below 200% of the  
2 federal poverty level, who are uninsured and have not had coverage by  
3 other comprehensive health insurance within 6 months of making  
4 application for MICHild benefits, and who are residents of this state.  
5 The department shall develop detailed eligibility criteria through the  
6 medical services administration public concurrence process, consistent  
7 with the provisions of this bill. Health care coverage for children in  
8 families below 150% of the federal poverty level shall be provided  
9 through expanded eligibility under the state's Medicaid program. Health  
10 coverage for children in families between 150% and 200% of the federal  
11 poverty level shall be provided through a state-based private health  
12 care program.

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

18 (a) "Dental care corporation", "health care corporation",  
19 "insurer", and "prudent purchaser agreement" mean those terms as  
20 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL  
21 550.52.

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

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

26 (4) The department may make payments on behalf of children enrolled  
27 in the MICHild program from the line-item appropriation associated with  
28 the program as described in the MICHild state plan approved by the  
29 United States department of health and human services, or from other  
30 medical services line-item appropriations providing for specific health  
31 care services.

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

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

10       Sec. 1512. All nursing home rate, class I and class III, must have  
11 their respective fiscal year rate set 30 days prior to the beginning of  
12 their rate year. Rates may take into account the most recent cost  
13 report prepared and certified by the preparer, provider corporate owner  
14 or representative as being true and accurate, and filed timely, within  
15 5 months of the fiscal year end in accordance with Medicaid policy. If  
16 the audited version of the last report is available, it shall be used.  
17 Any rate factors based on the filed cost report may be retroactively  
18 adjusted upon completion of the audit of that cost report.



Final page.