

SUBSTITUTE FOR
HOUSE BILL NO. 4254

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2002; to make, supplement, and adjust appropriations for certain projects for the fiscal year ending September 30, 2001; to provide for the expenditure of those appropriations; to create funds; to require and 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 - FISCAL YEAR 2001-2002

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for the department of
5 community health for the fiscal year ending September 30, 2002, from the

HB4254, As Passed House, April 24, 2001

Sub. HB 4254 (H-1) as amended April 24, 2001
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For Fiscal Year Ending
September 30, 2002

1 funds indicated in this part. The following is a summary of the
2 appropriations in this part:

3 DEPARTMENT OF COMMUNITY HEALTH

4	Full-time equated unclassified positions.....	6.0	
5	Full-time equated classified positions.....	6,201.1	
6	Average population.....	1,508.0	
7	GROSS APPROPRIATION.....	\$	[8,846,061,401]
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....	\$	74,507,400
11	ADJUSTED GROSS APPROPRIATION.....	\$	[8,771,554,001]
12	Federal revenues:		
13	Total federal revenues.....		4,563,325,200
14	Special revenue funds:		
15	Total local revenues.....		1,063,251,900
16	Total private revenues.....		55,585,600
17	Total local and private revenues.....		1,118,837,500
18	Tobacco settlement revenue.....		[113,362,200]
19	Total other state restricted revenues.....		227,818,500
20	State general fund/general purpose.....	\$	[2,748,210,601]
21	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
22	Full-time equated unclassified positions.....	6.0	
23	Full-time equated classified positions.....	514.7	
24	Director and other unclassified--6.0 FTE positions...	\$	581,500
25	Community health advisory council.....		28,900
26	Departmental administration and management--491.7 FTE		
27	positions.....		56,197,100

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1	Certificate of need program administration--13.0 FTE	
2	positions.....	938,300
3	Worker's compensation program--1.0 FTE position.....	11,504,000
4	Rent and building occupancy.....	8,796,200
5	Developmental disabilities council and projects--9.0	
6	FTE positions.....	2,749,500
7	Rural health services.....	<u>681,500</u>
8	GROSS APPROPRIATION..... \$	81,477,000
9	Appropriated from:	
10	Interdepartmental grant revenues:	
11	Interdepartmental grant from the department of trea-	
12	sury, Michigan state hospital finance authority....	100,700
13	Federal revenues:	
14	Total federal revenues.....	25,183,600
15	Special revenue funds:	
16	Total private revenues.....	35,900
17	Total other state restricted revenues.....	3,571,600
18	State general fund/general purpose..... \$	52,585,200
19	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION	
20	AND SPECIAL PROJECTS	
21	Full-time equated classified positions.....112.0	
22	Mental health/substance abuse program	
23	administration--112.0 FTE positions..... \$	11,050,000
24	Consumer involvement program.....	189,100
25	Gambling addiction.....	3,500,000
26	Protection and advocacy services support.....	818,300

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1	Mental health initiatives for older persons.....	1,165,800
2	Community residential and support services.....	4,969,300
3	Highway safety projects.....	1,837,200
4	Federal and other special projects.....	<u>1,977,200</u>
5	GROSS APPROPRIATION..... \$	25,506,900
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	5,799,200
9	Special revenue funds:	
10	Total private revenues.....	160,000
11	Total other state restricted revenues.....	3,682,300
12	State general fund/general purpose..... \$	15,865,400
13	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
14	PROGRAMS	
15	Full-time equated classified positions.....4.0	
16	Medicaid mental health services..... \$	1,227,008,900
17	Community mental health non-Medicaid services.....	320,099,700
18	Multicultural services.....	3,848,000
19	Medicaid substance abuse services.....	25,348,700
20	Respite services.....	3,318,600
21	CMHSP, purchase of state services contracts.....	170,157,400
22	Civil service charges.....	2,606,400
23	Federal mental health block grant--2.0 FTE positions.	11,546,700
24	Pilot projects in prevention for adults and	
25	children--2.0 FTE positions.....	996,300
26	State disability assistance program substance abuse	
27	services.....	6,600,000

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1	Community substance abuse prevention, education, and	
2	treatment programs.....	<u>83,740,400</u>
3	GROSS APPROPRIATION.....	\$ 1,855,271,100
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	780,982,000
7	Special revenue funds:	
8	Total other state restricted revenues.....	6,342,400
9	State general fund/general purpose.....	\$ 1,067,946,700
10	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH	
11	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH	
12	SERVICES	
13	Total average population.....	1,508.0
14	Full-time equated classified positions.....	4,650.0
15	Caro regional mental health center-psychiatric	
16	hospital-adult--479.0 FTE positions.....	\$ 34,687,500
17	Average population.....	180.0
18	Kalamazoo psychiatric hospital-adult--397.0 FTE	
19	positions.....	29,262,400
20	Average population.....	140.0
21	Northville psychiatric hospital-adult--833.0 FTE	
22	positions.....	62,715,300
23	Average population.....	370.0
24	Walter P. Reuther psychiatric hospital-adult--456.0	
25	FTE positions.....	34,928,800
26	Average population.....	230.0

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1	Hawthorn center-psychiatric hospital-children and	
2	adolescents--328.0 FTE positions.....	23,751,800
3	Average population.....118.0	
4	Mount Pleasant center-developmental	
5	disabilities--490.0 FTE positions.....	34,196,200
6	Average population.....200.0	
7	Southgate center-developmental disabilities--201.0	
8	FTE positions.....	14,630,300
9	Average population.....60.0	
10	Center for forensic psychiatry--522.0 FTE positions..	41,008,600
11	Average population.....210.0	
12	Forensic mental health services provided to the	
13	department of corrections--938.0 FTE positions.....	73,796,000
14	Revenue recapture.....	750,000
15	IDEA, federal special education.....	120,000
16	Special maintenance and equipment.....	879,000
17	Purchase of medical services for residents of hospi-	
18	tals and centers.....	1,358,200
19	Closed site, transition, and related costs--6.0 FTE	
20	positions.....	565,700
21	Severance pay.....	896,000
22	Gifts and bequests for patient living and treatment	
23	environment.....	<u>2,000,000</u>
24	GROSS APPROPRIATION..... \$	355,545,800
25	Appropriated from:	
26	Interdepartmental grant revenues:	

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1	Interdepartmental grant from the department of	
2	corrections.....	73,796,000
3	Federal revenues:	
4	Total federal revenues.....	39,252,000
5	Special revenue funds:	
6	CMHSP, purchase of state services contracts.....	170,157,400
7	Other local revenues.....	17,171,100
8	Total private revenues.....	2,000,000
9	Total other state restricted revenues.....	11,189,700
10	State general fund/general purpose..... \$	41,979,600
11	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
12	Full-time equated classified positions.....88.3	
13	Executive administration--15.5 FTE positions..... \$	1,390,100
14	Minority health grants and contracts.....	989,100
15	Vital records and health statistics--72.8 FTE	
16	positions.....	<u>6,588,400</u>
17	GROSS APPROPRIATION..... \$	8,967,600
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from family independence	
21	agency.....	138,800
22	Federal revenues:	
23	Total federal revenues.....	2,835,200
24	Special revenue funds:	
25	Total other state restricted revenues.....	2,386,100
26	State general fund/general purpose..... \$	3,607,500

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1	Sec. 107. INFECTIOUS DISEASE CONTROL		
2	Full-time equated classified positions.....	44.3	
3	AIDS prevention, testing, and care programs--	9.8 FTE	
4	positions.....	\$	24,399,400
5	Immunization local agreements.....		13,990,300
6	Immunization program management and field		
7	support--	7.7 FTE positions.....	1,696,800
8	Sexually transmitted disease control local agreements		2,896,700
9	Sexually transmitted disease control management and		
10	field support--	26.8 FTE positions.....	<u>2,993,000</u>
11	GROSS APPROPRIATION.....	\$	45,976,200
12	Appropriated from:		
13	Federal revenues:		
14	Total federal revenues.....		32,003,800
15	Special revenue funds:		
16	Total private revenues.....		925,000
17	Total other state restricted revenues.....		6,968,000
18	State general fund/general purpose.....	\$	6,079,400
19	Sec. 108. LABORATORY SERVICES		
20	Full-time equated classified positions.....	118.2	
21	Laboratory services--	118.2 FTE positions.....	\$ <u>12,395,200</u>
22	GROSS APPROPRIATION.....	\$	12,395,200
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	Interdepartmental grant from environmental quality...		391,300
26	Federal revenues:		

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1	Total federal revenues.....	1,892,800
2	Special revenue funds:	
3	Total other state restricted revenues.....	3,370,300
4	State general fund/general purpose..... \$	6,740,800
5	Sec. 109. EPIDEMIOLOGY	
6	Full-time equated classified positions.....31.5	
7	AIDS surveillance and prevention program--7.0 FTE	
8	positions..... \$	1,772,800
9	Epidemiology administration--24.5 FTE positions.....	5,162,500
10	Tuberculosis control and recalcitrant AIDS program...	<u>498,300</u>
11	GROSS APPROPRIATION..... \$	7,433,600
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	Interdepartmental grant from the department of envi-	
15	ronmental quality.....	80,600
16	Federal revenues:	
17	Total federal revenues.....	4,716,100
18	Special revenue funds:	
19	Total other state restricted revenues.....	234,100
20	State general fund/general purpose..... \$	2,402,800
21	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
22	Full-time equated classified positions.....3.0	
23	Implementation of 1993 PA 133, MCL 333.17015..... \$	100,000
24	Lead abatement program--3.0 FTE positions.....	1,945,300
25	Local health services.....	512,300
26	Local public health operations.....	41,891,600

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1	Medical services cost reimbursement to local health	
2	departments.....	<u>1,500,000</u>
3	GROSS APPROPRIATION.....	\$ 45,949,200
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	3,345,300
7	Special revenue funds:	
8	Total other state restricted revenues.....	343,500
9	State general fund/general purpose.....	\$ 42,260,400
10	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
11	PROMOTION	
12	Full-time equated classified positions.....	33.7
13	AIDS and risk reduction clearinghouse and media	
14	campaign.....	\$ 1,576,000
15	Alzheimer's information network.....	440,000
16	Cancer prevention and control program--13.6 FTE	
17	positions.....	12,405,700
18	Chronic disease prevention.....	1,717,400
19	Diabetes and kidney program--9.0 FTE positions.....	[4,431,900]
20	Employee wellness program grants.....	4,259,300
21	Health education, promotion, and research	
22	programs--2.9 FTE positions.....	1,332,900
23	Injury control intervention project.....	1,032,800
24	Michigan Parkinson's foundation.....	200,000
25	Morris Hood Wayne State University diabetes outreach.	500,000
26	Physical fitness, nutrition, and health.....	[1,375,000]

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1	Public health traffic safety coordination.....	415,000
2	School health and education programs.....	3,282,800
3	Smoking prevention program--6.2 FTE positions.....	[8,500,000]
4	Tobacco tax collection and enforcement.....	810,000
5	Violence prevention--2.0 FTE positions.....	<u>3,456,800</u>
6	GROSS APPROPRIATION.....	\$ [45,735,600]
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues.....	13,568,300
10	Special revenue funds:	
	[Tobacco settlement revenue.....	1,133,200]
11	Total other state restricted revenues.....	25,225,600
12	State general fund/general purpose.....	\$ [5,808,500]
13	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
14	Full-time equated classified positions.....	88.8
15	Adolescent and child health care services.....	\$ [5,242,300]
16	Childhood lead program--5.0 FTE positions.....	1,408,200
17	Children's waiver home care program.....	24,561,200
18	Community living, children, and families	
19	administration--73.3 FTE positions.....	7,776,700
20	Dental programs.....	510,400
21	Dental program for persons with developmental	
22	disabilities.....	151,000
23	Early childhood collaborative secondary prevention...	1,750,000
24	Family planning local agreements.....	8,555,900
25	Family support subsidy.....	14,563,500
26	Housing and support services--1.0 FTE position.....	5,032,900

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1	Local MCH services.....	9,050,200
2	Medicaid outreach and service delivery support.....	8,488,600
3	Migrant health care.....	166,100
4	Newborn screening follow-up and treatment services...	2,428,000
5	Omnibus budget reconciliation act implementation--9.0	
6	FTE positions.....	12,769,400
7	Pediatric AIDS prevention and control.....	1,026,300
8	Pregnancy prevention program.....	7,196,100
9	Prenatal care outreach and service delivery support..	4,299,300
10	Southwest community partnership.....	1,547,300
11	Special projects--0.5 FTE position.....	4,384,000
12	Sudden infant death syndrome program.....	<u>321,300</u>
13	GROSS APPROPRIATION.....	\$ [121,228,700]
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues.....	73,288,000
17	Special revenue funds:	
18	Total private revenues.....	261,100
19	Total other state restricted revenues.....	7,839,100
20	State general fund/general purpose.....	\$ [39,840,500]
21	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
22	PROGRAMS	
23	Full-time equated classified positions.....42.0	
24	Women, infants, and children program administration	
25	and special projects--42.0 FTE positions.....	\$ 5,206,300
26	Women, infants, and children program local agreements	
27	and food costs.....	<u>164,311,000</u>

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1	GROSS APPROPRIATION.....	\$	169,517,300
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		121,741,400
5	Special revenue funds:		
6	Total private revenues.....		47,775,900
7	State general fund/general purpose.....	\$	0
8	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES		
9	Full-time equated classified positions.....		66.6
10	Children's special health care services		
11	administration--66.6 FTE positions.....	\$	5,365,200
12	Amputee program.....		184,600
13	Bequests for care and services.....		1,579,600
14	Case management services.....		3,923,500
15	Conveyor contract.....		682,600
16	Medical care and treatment.....		<u>129,656,800</u>
17	GROSS APPROPRIATION.....	\$	141,392,300
18	Appropriated from:		
19	Federal revenues:		
20	Total federal revenues.....		69,180,400
21	Special revenue funds:		
22	Private-bequests.....		750,000
23	Total other state restricted revenues.....		650,000
24	State general fund/general purpose.....	\$	70,811,900
25	Sec. 115. OFFICE OF DRUG CONTROL POLICY		
26	Full-time equated classified positions.....		17.0

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1	Drug control policy--17.0 FTE positions.....	\$	1,964,800
2	Anti-drug abuse grants.....		<u>28,659,200</u>
3	GROSS APPROPRIATION.....	\$	30,624,000
4	Appropriated from:		
5	Federal revenues:		
6	Total federal revenues.....		30,238,000
7	State general fund/general purpose.....	\$	386,000
8	Sec. 116. CRIME VICTIM SERVICES COMMISSION		
9	Full-time equated classified positions.....	9.0	
10	Grants administration services--9.0 FTE positions....	\$	1,162,700
11	Justice assistance grants.....		15,000,000
12	Crime victim rights services grants.....		<u>8,405,300</u>
13	GROSS APPROPRIATION.....	\$	24,568,000
14	Appropriated from:		
15	Federal revenues:		
16	Total federal revenues.....		15,841,400
17	Special revenue funds:		
18	Total other state restricted revenues.....		8,209,700
19	State general fund/general purpose.....	\$	516,900
20	Sec. 117. OFFICE OF SERVICES TO THE AGING		
21	Full-time equated classified positions.....	40.5	
22	Commission (per diem \$50.00).....	\$	10,500
23	Long-term care advisor--3.0 FTE positions.....		3,046,000
24	Office of services to aging administration--37.5 FTE		
25	positions.....		4,262,800
26	Community services.....		32,778,400

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1	Nutrition services.....	36,861,000
2	Senior volunteer services.....	6,000,000
3	Senior citizen centers staffing and equipment.....	2,140,700
4	Employment assistance.....	2,770,000
5	Respite care program.....	7,100,000
6	Senior Olympics.....	<u>100,000</u>
7	GROSS APPROPRIATION.....	\$ 95,069,400
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	46,366,700
11	Special revenue funds:	
12	Total private revenues.....	125,000
13	Tobacco settlement revenue.....	8,046,000
14	Total other state restricted revenues.....	2,600,000
15	State general fund/general purpose.....	\$ 37,931,700
16	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
17	Full-time equated classified positions.....	337.5
18	Medical services administration--335.7 FTE positions.	\$ 47,100,500
19	Data processing contractual services.....	100
20	Facility inspection contract - state police.....	132,800
21	MiChild administration.....	3,327,800
22	Michigan essential health care provider.....	1,500,000
23	Palliative and hospice care.....	516,200
24	Primary care services--1.8 FTE positions.....	<u>[4,002,501]</u>
25	GROSS APPROPRIATION.....	\$ [56,579,901]
26	Appropriated from:	

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1	Federal revenues:	
2	Total federal revenues.....	35,191,100
3	Special revenue funds:	
4	Total private revenues.....	40,000
5	Total other state restricted revenues.....	500,000
6	State general fund/general purpose.....	\$ [20,848,801]
7	Sec. 119. MEDICAL SERVICES	
8	Hospital services and therapy.....	\$ 745,317,300
9	Hospital disproportionate share payments.....	45,900,000
10	Physician services.....	151,092,100
11	Medicare premium payments.....	137,574,000
12	Pharmaceutical services.....	560,155,900
13	Home health services.....	24,633,000
14	Transportation.....	6,702,500
15	Auxiliary medical services.....	105,815,700
16	Long-term care services.....	1,224,619,000
17	Elder prescription insurance coverage.....	50,000,700
18	Health plan services.....	1,240,586,800
19	MIChild outreach.....	3,327,800
20	MIChild program.....	57,067,100
21	Personal care services.....	30,329,400
22	Maternal and child health.....	9,234,500
23	Adult home help.....	158,781,400
24	Social services to the physically disabled.....	1,344,900
25	Subtotal basic medical services program.....	4,552,482,100
26	Wayne County medical program.....	44,012,800

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1	School based services.....	65,094,200
2	State and local medical programs.....	80,899,900
3	Special adjustor payments.....	994,057,000
4	Subtotal special medical services payments.....	<u>1,184,063,900</u>
5	GROSS APPROPRIATION.....	\$ 5,736,546,000
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	3,261,899,900
9	Special revenue funds:	
10	Total local revenues.....	875,923,400
11	Total private revenues.....	3,512,700
12	Tobacco settlement revenue.....	104,183,000
13	Total other state restricted revenues.....	144,706,100
14	State general fund/general purpose.....	\$ 1,346,320,900
15	Sec. 120. BUDGETARY SAVINGS	
16	Budgetary savings.....	\$ <u>(13,722,400)</u>
17	GROSS APPROPRIATION.....	\$ (13,722,400)
18	Appropriated from:	
19	State general fund/general purpose.....	\$ (13,722,400)

20

21

22 PART 2

23 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2000-2001

24 GENERAL SECTIONS

25 Sec. 201. Pursuant to section 30 of article IX of the state
26 constitution of 1963, total state spending from state resources under
27 part 1 for fiscal year 2001-2002 is [\$3,089,391,301.00] and state spending

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1 from state resources to be paid to local units of government for fiscal
2 year 2001-2002 is \$1,018,058,000.00. The itemized statement below iden-
3 tifies appropriations from which spending to units of local government
4 will occur:

5 DEPARTMENT OF COMMUNITY HEALTH

6 DEPARTMENTWIDE ADMINISTRATION

7 Departmental administration and management..... \$ 15,656,500

8 Rural health services..... 35,000

9 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

10 AND SPECIAL PROJECTS

11 Mental health initiatives for older persons..... 1,165,800

12 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

13 PROGRAMS

14 Pilot projects in prevention for adults and
15 children..... 915,700

16 State disability assistance program substance abuse
17 services..... 6,600,000

18 Community substance abuse prevention, education,
19 and treatment programs..... 18,673,500

20 Medicaid mental health services..... 535,466,800

21 Community mental health non-Medicaid services..... 320,099,700

22 Multicultural services..... 3,848,000

23 Medicaid substance abuse services..... 11,062,200

24 Respite services..... 3,318,600

25 INFECTIOUS DISEASE CONTROL

26 AIDS prevention, testing and care programs..... 1,466,800

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1	Immunization local agreements.....	2,973,900
2	Sexually transmitted disease control local agreements	452,900
3	LOCAL HEALTH ADMINISTRATION AND GRANTS	
4	Local public health operations.....	41,891,600
5	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
6	PROMOTION	
7	Cancer prevention and control program.....	722,400
8	Diabetes and kidney program.....	909,000
9	Employee wellness program grants.....	2,321,100
10	School health and education programs.....	3,164,000
11	Smoking prevention program.....	1,380,800
12	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
13	Adolescent health care services.....	1,361,600
14	Childhood lead program.....	85,000
15	Family planning local agreements.....	1,463,400
16	Local MCH services.....	246,100
17	Omnibus budget reconciliation act implementation.....	2,152,700
18	Pregnancy prevention program.....	3,169,600
19	Prenatal care outreach and service delivery support..	1,235,000
20	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
21	Case management services.....	3,319,900
22	MEDICAL SERVICES	
23	Transportation.....	866,200
24	OFFICE OF SERVICES TO THE AGING	
25	Community services.....	13,292,900
26	Nutrition services.....	12,848,500

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1 Senior volunteer services..... 841,400

2 CRIME VICTIM SERVICES COMMISSION

3 Crime victim rights services grants..... 5,051,300

4 TOTAL OF PAYMENTS TO LOCAL UNITS

5 OF GOVERNMENT..... \$ 1,018,058,000

6 Sec. 202. (1) The appropriations authorized under this act are
7 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
8 18.1594.

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

11 Sec. 203. As used in this act:

12 (a) "ACCESS" means Arab community center for economic and social
13 services.

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

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

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

19 (e) "Disease management" means a comprehensive system that
20 incorporates the patient, physician, and health plan into 1 system
21 with the common goal of achieving desired outcomes for patients.

22 (f) "Department" means the Michigan department of community health.

23 (g) "DSH" means disproportionate share hospital.

24 (h) "EPIC" means elder prescription insurance coverage program.

25 (i) "EPSDT" means early and periodic screening, diagnosis, and
26 treatment.

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1 (j) "FTE" means full-time equated.

2 (k) "GME" means graduate medical education.

3 (l) "HIV" means human immunodeficiency virus.

4 (m) "HMO" means health maintenance organization.

5 (n) "IDEA" means individual disability education act.

6 (o) "MCH" means maternal and child health.

7 (p) "MSS/ISS" means maternal and infant support services.

8 (q) "OBRA" means the omnibus budget reconciliation act of 1987,

9 Public Law 100-203, 101 Stat. 1330.

10 (r) "Qualified health plan" means, at a minimum, an organization

11 that meets the criteria for

12 delivering the comprehensive package of services under the department's

13 comprehensive health plan.

14 (s) "Title XVIII" means title XVIII of the social security act,

15 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to

16 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to

17 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and

18 1395bbb to 1395ggg.

19 (t) "Title XIX" means title XIX of the social security act, chapter

20 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6, and 1396r-8 to 1396v.

21 (u) "WIC" means women, infants, and children supplemental nutrition

22 program.

23 Sec. 204. The department of civil service shall bill departments

24 and agencies at the end of the first fiscal quarter for the 1% charge

25 authorized by section 5 of article XI of the state constitution of 1963.

26 Payments shall be made for the total amount of the billing by the end of

27 the second fiscal quarter.

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1 Sec. 205. (1) A hiring freeze is imposed on the state classified
2 civil service. State departments and agencies are prohibited from hiring
3 any new full-time state classified civil service employees and prohibited
4 from filling any vacant state classified civil service positions. This
5 hiring freeze does not apply to internal transfers of classified employ-
6 ees from 1 position to another within a department.

7 (2) The state budget director shall grant exceptions to this hiring
8 freeze when the state budget director believes that the hiring freeze
9 will result in rendering a state department or agency unable to deliver
10 basic services, cause loss of revenue to the state, result in the inabil-
11 ity of the state to receive federal funds, or would necessitate addi-
12 tional expenditures that exceed any savings from not maintaining the
13 vacancy. The state budget director shall report by the last day of each
14 month to the chairpersons of the senate and house of representatives
15 standing committees on appropriations the number of exceptions to the
16 hiring freeze approved during the previous month and the reasons to jus-
17 tify the exception.

18 Sec. 206. (1) In addition to the funds appropriated in part 1,
19 there is appropriated an amount not to exceed \$100,000,000.00 for federal
20 contingency funds. These funds are not available for expenditure until
21 they have been transferred to another line item in this act under
22 section 393(2) of the management and budget act, 1984 PA 431,
23 MCL 18.1393.

24 (2) In addition to the funds appropriated in part 1, there is appro-
25 priated an amount not to exceed \$20,000,000.00 for state restricted con-
26 tingency funds. These funds are not available for expenditure until they
27 have been transferred to another line item in this act under

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1 section 393(2) of the management and budget act, 1984 PA 431,
2 MCL 18.1393.

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

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

13 Sec. 207. At least 120 days before beginning any effort to privati-
14 ze, the department shall submit a complete project plan to the appropri-
15 ate senate and house of representatives appropriations subcommittees and
16 the senate and house fiscal agencies. The plan shall include the cri-
17 teria under which the privatization initiative will be evaluated. The
18 evaluation shall be completed and submitted to the appropriate senate and
19 house of representatives appropriations subcommittees and the senate and
20 house fiscal agencies within 30 months.

21 Sec. 208. Unless otherwise specified, the department shall use the
22 Internet to fulfill the reporting requirements of this act. This may
23 include transmission of reports via electronic mail to the recipients
24 identified for each reporting requirement or it may include placement of
25 reports on the Internet or Intranet site. Quarterly, the department
26 shall provide to the house of representatives and senate appropriations
27 subcommittees' members, the state budget office, and the house and senate

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1 fiscal agencies an electronic and paper listing of the reports submitted
2 during the most recent 3-month period along with the Internet or Intranet
3 site of each report, if any.

4 Sec. 209. (1) Funds appropriated in part 1 shall not be used for
5 the purchase of foreign goods or services, or both, if competitively
6 priced and comparable quality American goods or services, or both, are
7 available.

8 (2) Funds appropriated in part 1 shall not be used for the purchase
9 of out-of-state goods or services, or both, if competitively priced and
10 comparable quality Michigan goods or services, or both, are available.

11 Sec. 210. (1) The director shall take all reasonable steps to
12 ensure businesses in deprived and depressed communities compete for and
13 perform contracts to provide services or supplies, or both. The director
14 shall strongly encourage firms with which the department contracts to
15 subcontract with certified businesses in depressed and deprived communi-
16 ties for services, supplies, or both.

17 (2) The director shall take all reasonable steps to ensure equal
18 opportunity for all who compete for and perform contracts to provide
19 services or supplies, or both, for the department. The director shall
20 strongly encourage firms with which the department contracts to provide
21 equal opportunity for subcontractors to provide services or supplies, or
22 both.

23 Sec. 211. If the revenue collected by the department from fees and
24 collections exceeds the amount appropriated in part 1, the revenue may be
25 carried forward with the approval of the state budget director into the
26 subsequent fiscal year. The revenue carried forward under this section

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

3 Sec. 212. (1) From the amounts appropriated in part 1, no greater
4 than the following amounts are supported with federal maternal and child
5 health block grant, preventive health and health services block grant,
6 substance abuse block grant, healthy Michigan fund, and Michigan health
7 initiative funds:

8 (a) Maternal and child health block grant.....	\$	20,627,000
9 (b) Preventive health and health services block grant		6,115,300
10 (c) Substance abuse block grant.....		61,371,200
11 (d) Healthy Michigan fund.....		35,142,500
12 (e) Michigan health initiative.....		9,797,000

13 (2) On or before February 1, 2002, the department shall report to
14 the house of representatives and senate appropriations subcommittees on
15 community health, the house and senate fiscal agencies, and the state
16 budget director on the detailed name and amounts of federal, restricted,
17 private, and local sources of revenue that support the appropriations in
18 each of the line items in part 1 of this act.

19 (3) Upon the release of the fiscal year 2002-2003 executive budget
20 recommendation, the department shall report to the same parties in
21 subsection (2) on the amounts and detailed sources of federal,
22 restricted, private, and local revenue proposed to support the total
23 funds appropriated in each of the line items in part 1 of the fiscal year
24 2001-2002 executive budget proposal.

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

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1 Sec. 213. The state departments, agencies, and commissions
2 receiving tobacco tax funds from part 1 shall report by November 1, 2001,
3 to the senate and house of representatives appropriations committees, the
4 senate and house fiscal agencies, and the state budget director on the
5 following:

6 (a) Detailed spending plan by appropriation line item including
7 description of programs.

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

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

11 (d) Eligibility criteria for program participation and maximum bene-
12 fit levels where applicable.

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

14 (f) Any other information considered necessary by the house of rep-
15 resentatives or senate appropriations committees or the state budget
16 director.

17 Sec. 214. The use of state restricted tobacco tax revenue received
18 for the purpose of tobacco prevention, education, and reduction efforts
19 and deposited in the healthy Michigan fund shall not be used for lobbying
20 as defined in 1978 PA 472, MCL 4.411 to 4.431.

21 Sec. 215. (1) The negative appropriation for budgetary savings in
22 part 1 shall be satisfied by savings from the hiring freeze imposed in
23 section 205 and, if necessary, by other savings identified by the depart-
24 ment director and approved by the state budget director.

25 (2) Appropriation authorizations shall be adjusted after the
26 approval of transfers by the legislature pursuant to section 393(2) of
27 the management and budget act, 1984 PA 431, MCL 18.1393.

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1 Sec. 216. (1) In addition to funds appropriated in part 1 for all
2 programs and services, there is appropriated for write-offs of accounts
3 receivable, deferrals, and for prior year obligations in excess of appli-
4 cable prior year appropriations, an amount equal to total write-offs and
5 prior year obligations, but not to exceed amounts available in prior year
6 revenues.

7 (2) The department's ability to satisfy appropriation deductions in
8 part 1 shall not be limited to collections and accruals pertaining to
9 services provided in fiscal year 2001-2002, but shall also include reim-
10 bursements, refunds, adjustments, and settlements from prior years.

11 (3) The department shall report by March 15, 2002 and September 15,
12 2002 to the house of representatives and senate appropriations subcommit-
13 tees on community health on all reimbursements, refunds, adjustments, and
14 settlements from prior years.

15 Sec. 218. Basic health services for the purpose of part 23 of the
16 public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immuni-
17 zations, communicable disease control, sexually transmitted disease con-
18 trol, tuberculosis control, prevention of gonorrhea eye infection in new-
19 borns, screening newborns for the 7 conditions listed in section
20 5431(1)(a) through (g) of the public health code, 1978 PA 368,
21 MCL 333.5431, community health annex of the Michigan emergency management
22 plan, and prenatal care.

23 Sec. 219. (1) The department may contract with the Michigan public
24 health institute for the design and implementation of projects and for
25 other public health related activities prescribed in section 2611 of the
26 public health code, 1978 PA 368, MCL 333.2611. The department may
27 develop a master agreement with the institute to carry out these purposes

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1 for up to a 3-year period. The department shall report to the house of
2 representatives and senate appropriations subcommittees on community
3 health, the house and senate fiscal agencies, and the state budget direc-
4 tor on or before November 1, 2001 and May 1, 2002 all of the following:

5 (a) A detailed description of each funded project.

6 (b) The amount allocated for each project, the appropriation line
7 item from which the allocation is funded, and the source of financing for
8 each project.

9 (c) The expected project duration.

10 (d) A detailed spending plan for each project, including a list of
11 all subgrantees and the amount allocated to each subgrantee.

12 (2) If a report required under subsection (1) is not received by the
13 house of representatives and senate appropriations subcommittees on com-
14 munity health, the house and senate fiscal agencies, and the state budget
15 director on or before the date specified for that report, the disburse-
16 ment of funds to the Michigan public health institute under this section
17 shall stop. The disbursement of those funds shall recommence when the
18 overdue report is received.

19 (3) On or before September 30, 2002, the department shall provide to
20 the same parties listed in subsection (1) a copy of all reports, studies,
21 and publications produced by the Michigan public health institute, its
22 subcontractors, or the department with the funds appropriated in part 1
23 and allocated to the Michigan public health institute.

24 Sec. 220. All contracts with the Michigan public health institute
25 funded with appropriations in part 1 shall include a requirement that the
26 Michigan public health institute submit to financial and performance

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1 audits by the state auditor general of projects funded with state
2 appropriations.

3 Sec. 223. The department of community health may establish and col-
4 lect fees for publications, videos and related materials, conferences,
5 and workshops. Collected fees shall be used to offset expenditures to
6 pay for printing and mailing costs of the publications, videos and
7 related materials, and costs of the workshops and conferences. The costs
8 shall not exceed fees collected.

9 DEPARTMENTWIDE ADMINISTRATION

10 Sec. 301. From funds appropriated for worker's compensation, the
11 department may make payments in lieu of worker's compensation payments
12 for wage and salary and related fringe benefits for employees who return
13 to work under limited duty assignments.

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

17 Sec. 303. The department is prohibited from requiring first-party
18 payment from individuals or families with a taxable income of \$10,000.00
19 or less for mental health services for determinations made in accordance
20 with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

1 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

2 AND SPECIAL PROJECTS

3 Sec. 350. The department may enter into a contract with the protec-
4 tion and advocacy service, authorized under section 931 of the mental
5 health code, 1974 PA 258, MCL 330.1931, or a similar organization to pro-
6 vide legal services for purposes of gaining and maintaining occupancy in
7 a community living arrangement which is under lease or contract with the
8 department or a community mental health services program to provide serv-
9 ices to persons with mental illness or developmental disability.

10 Sec. 352. From the funds appropriated, the department shall conduct
11 a statewide survey of adolescent suicide and assessment of available pre-
12 ventative resources.

13 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

14 PROGRAMS

15 Sec. 401. (1) Funds appropriated in part 1 are intended to support
16 a system of comprehensive community mental health services under the full
17 authority and responsibility of local CMHSPs. The department shall
18 ensure that each CMHSP provides all of the following:

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

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

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1 (c) The coordination of inpatient and outpatient hospital services
2 through agreements with state-operated psychiatric hospitals, units, and
3 centers in facilities owned or leased by the state, and privately-owned
4 hospitals, units, and centers licensed by the state pursuant to sections
5 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to
6 330.1149b.

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

12 (e) A system of case management to monitor and ensure the provision
13 of services consistent with the individualized plan of services or
14 supports.

15 (f) A system of continuous quality improvement.

16 (g) A system to monitor and evaluate the mental health services
17 provided.

18 (h) A system that serves at-risk and delinquent youth as required
19 under the provisions of the mental health code, 1974 PA 258, MCL 330.1001
20 to 330.2106.

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

24 (3) A contract between a CMHSP and the department shall not be
25 altered or modified without a prior written agreement of the parties to
26 the contract.

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1 Sec. 402. (1) From funds appropriated in part 1, final
2 authorizations to CMHSPs shall be made upon the execution of contracts
3 between the department and CMHSPs. The contracts shall contain an
4 approved plan and budget as well as policies and procedures governing the
5 obligations and responsibilities of both parties to the contracts. Each
6 contract with a CMHSP that the department is authorized to enter into
7 under this subsection shall include a provision that the contract is not
8 valid unless the total dollar obligation for all of the contracts between
9 the department and the CMHSPs entered into under this subsection for
10 fiscal year 2001-2002 does not exceed the amount of money appropriated in
11 part 1 for the contracts authorized under this subsection.

12 (2) The department shall immediately report to the senate and house
13 of representatives appropriations subcommittees on community health, the
14 senate and house fiscal agencies, and the state budget director if either
15 of the following occurs:

16 (a) Any new contracts with CMHSPs that would affect rates or expen-
17 ditures are enacted.

18 (b) Any amendments to contracts with CMHSPs that would affect rates
19 or expenditures are enacted.

20 (3) The report required by subsection (2) shall include information
21 about the changes and their effects on rates and expenditures.

22 Sec. 403. From the funds appropriated in part 1 for multicultural
23 services, the department shall ensure that CMHSPs continue contracts with
24 multicultural services providers.

25 Sec. 404. (1) Not later than May 31 of each fiscal year, the
26 department shall provide a report on the community mental health services
27 programs to the members of the house of representatives and senate

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1 appropriations subcommittees on community health, the house and senate
2 fiscal agencies, and the state budget director that includes the informa-
3 tion required by this section.

4 (2) The report shall contain information for each CMHSP and a state-
5 wide summary, each of which shall include at least the following
6 information:

7 (a) A demographic description of service recipients which, minimal-
8 ly, shall include reimbursement eligibility, client population, age, eth-
9 nicity, housing arrangements, and diagnosis.

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

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

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

19 (e) Information about access to community mental health services
20 programs which shall include but not be limited to both of the
21 following:

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

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

25 (iii) The number of people requesting services who are on waiting
26 lists for services.

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1 (iv) The average length of time that people remained on waiting
2 lists for services.

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

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

10 (h) An estimate of the number of FTEs employed by the CMHSPs or con-
11 tracted with directly by the CMHSPs as of September 30, 2001 and an esti-
12 mate of the number of FTEs employed through contracts with provider
13 organizations as of September 30, 2001.

14 (i) Lapses and carryforwards during fiscal year 2000-2001 for
15 CMHSPs.

16 (j) Information on the community mental health Medicaid managed care
17 program, including, but not limited to, both of the following:

18 (i) Expenditures by each CMHSP organized by Medicaid eligibility
19 group, including per eligible individual expenditure averages.

20 (ii) Performance indicator information required to be submitted to
21 the department in the contracts with CMHSPs.

22 (3) The department shall include data reporting requirements listed
23 in subsection (2) in the annual contract with each individual CMHSP.

24 (4) The department shall take all reasonable actions to ensure that
25 the data required are complete and consistent among all CMHSPs.

26 Sec. 405. It is the intent of the legislature that the employee
27 wage pass-through funded to the community mental health services programs

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1 for direct care workers in local residential settings and for
2 paraprofessional and other nonprofessional direct care workers in day
3 programs, supported employment, and other vocational programs shall con-
4 tinue to be paid to direct care workers.

5 Sec. 406. (1) The funds appropriated in part 1 for the state dis-
6 ability assistance substance abuse services program shall be used to sup-
7 port per diem room and board payments in substance abuse residential
8 facilities. Eligibility of clients for the state disability assistance
9 substance abuse services program shall include needy persons 18 years of
10 age or older, or emancipated minors, who reside in a substance abuse
11 treatment center.

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

18 Sec. 407. (1) The amount appropriated in part 1 for substance abuse
19 prevention, education, and treatment grants shall be expended for con-
20 tracting with coordinating agencies or designated service providers. It
21 is the intent of the legislature that the coordinating agencies and des-
22 ignated service providers work with the CMHSPs to coordinate the care and
23 services provided to individuals with both mental illness and substance
24 abuse diagnoses.

25 (2) The department shall establish a fee schedule for providing sub-
26 stance abuse services and charge participants in accordance with their

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1 ability to pay. Any changes in the fee schedule shall be developed by
2 the department with input from substance abuse coordinating agencies.

3 Sec. 408. (1) By April 15, 2002, the department shall report the
4 following data from fiscal year 2000-2001 on substance abuse prevention,
5 education, and treatment programs to the senate and house of representa-
6 tives appropriations subcommittees on community health, the senate and
7 house fiscal agencies, and the state budget office:

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

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

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

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

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

25 Sec. 409. The funding in part 1 for substance abuse services shall
26 be distributed in a manner that provides priority to service providers
27 that furnish child care services to clients with children.

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1 Sec. 410. The department shall assure that substance abuse
2 treatment is provided to applicants and recipients of public assistance
3 through the family independence agency who are required to obtain sub-
4 stance abuse treatment as a condition of eligibility for public
5 assistance.

6 Sec. 411. (1) The department shall ensure that each contract with a
7 CMHSP requires the CMHSP to implement programs to encourage diversion of
8 persons with serious mental illness, serious emotional disturbance, or
9 developmental disability from possible jail incarceration when
10 appropriate.

11 (2) Each CMHSP shall have jail diversion services and shall work
12 toward establishing working relationships with representative staff of
13 local law enforcement agencies, including county prosecutors' offices,
14 county sheriffs' offices, county jails, municipal police agencies, munic-
15 ipal detention facilities, and the courts. Written interagency agree-
16 ments describing what services each participating agency is prepared to
17 commit to the local jail diversion effort and the procedures to be used
18 by local law enforcement agencies to access mental health jail diversion
19 services are strongly encouraged.

20 Sec. 412. The department shall contract directly with the Salvation
21 Army harbor light program to provide non-Medicaid substance abuse
22 services.

23 Sec. 413. No later than October 10, 2001, the department shall
24 report to the house of representatives and senate appropriations subcom-
25 mittees on community health and the house and senate fiscal agencies on
26 the methodology utilized and the adjustments made in recalculating the
27 capitation rates payable to CMHSPs and other managing entities under the

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1 federal waiver for Michigan managed speciality services and supports
2 program.

3 Sec. 414. Medicaid substance abuse treatment services shall be man-
4 aged by selected CMHSPs pursuant to the health care financing
5 administration's approval of Michigan's 1915(b) waiver request to imple-
6 ment a managed care plan for specialized substance abuse services. The
7 selected CMHSPs shall receive a capitated payment on a per eligible per
8 month basis to assure provision of medically necessary substance abuse
9 services to all beneficiaries who require those services. The selected
10 CMHSPs shall be responsible for the reimbursement of claims for special-
11 ized substance abuse services. The CMHSPs that are not coordinating
12 agencies may continue to contract with a coordinating agency. Any alter-
13 native arrangement must be based on client service needs and have prior
14 approval from the department.

15 Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceuti-
16 cal services, community mental health boards shall not be held liable for
17 the cost of prescribed psychotropic medications during fiscal year
18 2001-2002.

19 (2) In calculating the available amount of lapses for use in offset-
20 ting overexpenditures resulting from the implementation of this section,
21 those lapses credited to community mental health line items shall only
22 include appropriation lapses in excess of the amount calculated for the
23 5% carryforward defined in state statute.

24 (3) The department shall provide quarterly reports to the senate and
25 house of representatives appropriations subcommittees on community
26 health, their respective fiscal agencies, and community mental health

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1 boards that include data on psychotropic medications regarding the type,
2 number, cost and prescribing patterns of Medicaid providers.

3 (4) Should expenditures for Medicaid mental health services [and
4 Medicaid substance abuse services] exceed

5 the appropriations contemplated in part 1 due to an increase in the
6 number or mix of Medicaid eligibles, the department shall recommend the
7 transfer of appropriation lapses as may be necessary to offset such
8 expenditures.

9 Sec. 417. (1) It is the intent of the legislature that the depart-
10 ment support pilot projects by community mental health boards to estab-
11 lish regional partnerships. Community mental health boards located in
12 counties within a 45-mile radius of each other shall be allowed to col-
13 laborate for the purpose of forming regional partnerships.

14 (2) The purpose of the regional partnerships should be to expand
15 consumer choice, promote service integration, and produce system effi-
16 ciencies through the coordination of efforts, or other outcomes, as may
17 be determined by participating community mental health boards.

18 (3) The pilot projects described in this section shall be completely
19 voluntary and be based on projects proposed by the community mental
20 health boards. Each proposed pilot project shall be consistent with the
21 scope, duration, risks, and inducements contained in the plan for compet-
22 itive procurement that the department submits to the health care financ-
23 ing administration as part of the renewal request for the section 1915(b)
24 managed specialty services waiver.

25 (4) As an additional incentive for community mental health boards to
26 engage in the pilot projects described in this section, the department
27 shall allow any regional partnership so formed to retain up to 100% of
any net lapses generated by the regional partnership.

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1 (5) The department shall provide quarterly reports to the senate and
2 house of representatives appropriations subcommittees and their respec-
3 tive fiscal agencies and the state budget office, as to any activities by
4 community mental health boards to form regional partnerships under this
5 section.

6 Sec. 418. On or before the tenth of each month, the department
7 shall report to the senate and house of representatives appropriations
8 subcommittees on community health, the senate and house fiscal agencies,
9 and the state budget director on the amount of funding paid to the CMHSPs
10 to support the Medicaid managed mental health care program in that
11 month. The information shall include the total paid to each CMHSP, per
12 capita rate paid for each eligibility group for each CMHSP, and number of
13 cases in each eligibility group for each CMHSP, and year-to-date summary
14 of eligibles and expenditures for the Medicaid managed mental health care
15 program.

16 [Sec. 419. From the funds appropriated in part 1 for Medicaid
17 substance abuse services, CMHSPs that contract with substance abuse
18 coordinating agencies shall include a provision in the contract that
19 allows the agencies to carry forward up to 5% of the Medicaid revenue
20 under a capitated managed care system into the next fiscal year.]

21 Sec. 420. From the funds appropriated in part 1 for community sub-
22 stance abuse prevention, education, and treatment programs, substance
23 abuse coordinating agencies may carry forward an operating margin of up
24 to 5% of the state share of their operating budget. As used in this sec-
25 tion, "operating margin" means the excess of state revenue over state
26 expenditures for a single fiscal year exclusive of capitated payments
27 under a managed care system.

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1 Sec. 421. Of the TANF funds appropriated in part 1 for community
2 substance abuse prevention, education, and treatment programs,
3 \$1,000,000.00 shall be allocated to provide treatment services for sub-
4 stance abusing nonviolent offenders identified by the drug courts admin-
5 istered by the state court administrative office as described in section
6 322 of 2000 PA 264.

7 Sec. 422. (1) It is the intent of the legislature that the depart-
8 ment support pilot projects by CMHSPs to control and manage psychotropic
9 drug costs associated with the managed specialty services and supports
10 program.

11 (2) The purpose of the pilot projects is to allow CMHSPs to develop
12 the necessary management and financial tools to assume risk for the
13 responsibility of managing psychotropic drug costs.

14 (3) The pilot projects described in this section shall be completely
15 voluntary and based on projects proposed by the CMHSPs.

16 (4) The department shall provide quarterly reports to the house of
17 representatives and senate appropriations subcommittees on community
18 health, the state budget office, and the house and senate fiscal agencies
19 as to any activities by CMHSPs to pilot projects under this section.

20 Sec. 423. The department shall work cooperatively with the family
21 independence agency and the departments of corrections, education, state
22 police, and military and veterans affairs to coordinate and improve the
23 delivery of substance abuse prevention, education, and treatment
24 programs. The department shall report by March 15, 2002 on the outcomes
25 of this cooperative effort to the house of representatives and senate
26 appropriations subcommittees on community health, the house and senate
27 fiscal agencies, and the state budget director.

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1 Sec. 424. Each community mental health services program that
2 contracts with the department to provide services to the Medicaid popula-
3 tion shall adhere to the following timely claims processing and payment
4 procedure for claims submitted by health professionals and facilities:

5 (a) A "clean claim" as described in 2000 PA 187 must be paid within
6 45 days after receipt of the claim by the community mental health serv-
7 ices program. A clean claim that is not paid within this time frame
8 shall bear simple interest at a rate of 12% per annum.

9 (b) A community mental health services program must state in writing
10 to the health professional or facility any defect in the claim within 30
11 days after receipt of the claim.

12 (c) A health professional and a health facility have 30 days after
13 receipt of a notice that a claim or a portion of a claim is defective
14 within which to correct the defect. The community mental health services
15 program shall pay the claim within 30 days after the defect is
16 corrected.

[Sec. 425. By March 1, 2002, the department, in conjunction with
the department of corrections, shall report the following data from fiscal
year 2000-2001 on mental health and substance abuse services to the house
of representatives and senate appropriations subcommittees on community
health and corrections, the house and senate fiscal agencies, and the
state budget office:

(a) The number of prisoners receiving substance abuse services
which shall include a description and breakdown on the type of substance
abuse services provided to prisoners.

(b) The number of prisoners receiving mental health services which
shall include a description and breakdown on the type of mental health
services provided to prisoners.

(c) Data indicating if prisoners receiving mental health services
were previously hospitalized in a state psychiatric hospital for persons
with mental illness.]

17 **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH**
18 **DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON**
19 **MENTAL HEALTH SERVICES**

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

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

8 Sec. 602. Unexpended and unencumbered amounts and accompanying
9 expenditure authorizations up to \$2,000,000.00 remaining on September 30,
10 2002 from pay telephone revenues and the amounts appropriated in part 1
11 for gifts and bequests for patient living and treatment environments
12 shall be carried forward for 1 fiscal year. The purpose of gifts and
13 bequests for patient living and treatment environments is to use addi-
14 tional private funds to provide specific enhancements for individuals
15 residing at state-operated facilities. Use of the gifts and bequests
16 shall be consistent with the stipulation of the donor. The expected com-
17 pletion date for the use of gifts and bequests donations is within 3
18 years unless otherwise stipulated by the donor.

19 Sec. 603. The funds appropriated in part 1 for forensic mental
20 health services provided to the department of corrections are in accord-
21 ance with the interdepartmental plan developed in cooperation with the
22 department of corrections. The department is authorized to receive and
23 expend funds from the department of corrections in addition to the appro-
24 priations in part 1 to fulfill the obligations outlined in the interde-
25 partmental agreements.

26 Sec. 604. (1) The CMHSPs shall provide semiannual reports to the
27 department on the following information:

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1 (a) The number of days of care purchased from state hospitals and
2 centers.

3 (b) The number of days of care purchased from private hospitals in
4 lieu of purchasing days of care from state hospitals and centers.

5 (c) The number and type of alternative placements to state hospitals
6 and centers other than private hospitals.

7 (d) Waiting lists for placements in state hospitals and centers.

8 (2) The department shall semiannually report the information in sub-
9 section (1) to the house of representatives and senate appropriations
10 subcommittees on community health, the house and senate fiscal agencies,
11 and the state budget director.

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

17 (2) All closures or consolidations are dependent upon adequate
18 department-approved CMHSP plans that include a discharge and aftercare
19 plan for each person currently in the facility. A discharge and after-
20 care plan shall address the person's housing needs. A homeless shelter
21 or similar temporary shelter arrangements are inadequate to meet the
22 person's housing needs.

23 (3) Four months after the certification of closure required in sec-
24 tion 19(6) of the state employees' retirement act, 1943 PA 240,
25 MCL 38.19, the department shall provide a closure plan to the house of
26 representatives and senate appropriations subcommittees.

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

5 PUBLIC HEALTH ADMINISTRATION

6 Sec. 703. The availability of \$200,000.00 for vital records and
7 health systems is contingent upon the enactment of legislation that
8 amends section 2891 of the public health code, 1978 PA 368, MCL 333.2891,
9 to increase fees for vital records services in an amount sufficient to
10 produce \$200,000.00 in fee revenue anticipated to be received annually,
11 and that fee increase taking effect.

12 INFECTIOUS DISEASE CONTROL

13 Sec. 801. In the expenditure of funds appropriated in part 1 for
14 AIDS programs, the department and its subcontractors shall ensure that
15 adolescents receive priority for prevention, education, and outreach
16 services.

17 Sec. 802. In developing and implementing AIDS provider education
18 activities, the department may provide funding to the Michigan state med-
19 ical society to serve as lead agency to convene a consortium of health
20 care providers, to design needed educational efforts, to fund other
21 statewide provider groups, and to assure implementation of these efforts,
22 in accordance with a plan approved by the department.

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1 Sec. 803. The department shall continue the AIDS drug assistance
2 program maintaining the prior year eligibility criteria and drug
3 formulary. This section is not intended to prohibit the department from
4 providing assistance for improved AIDS treatment medications.

5 Sec. 804. From the funds appropriated in part 1 for AIDS preven-
6 tion, testing, and care programs, \$100.00 shall be available only if
7 additional funding becomes available from the centers for disease
8 control.

9 LABORATORY SERVICES

10 Sec. 840. From the funds appropriated in part 1 for laboratory
11 services, \$100.00 shall be made available for Hepatitis C testing and
12 counseling only if federal funds become available from the centers for
13 disease control.

14 EPIDEMIOLOGY

15 Sec. 851. From the funds appropriated in part 1 for epidemiology
16 administration, \$300,000.00 shall be allocated for an asthma intervention
17 program, including surveillance, community based programs, and awareness
18 and education. The department shall seek federal funds as they are made
19 available for asthma programs.

1 LOCAL HEALTH ADMINISTRATION AND GRANTS

2 Sec. 901. The amount appropriated in part 1 for implementation of
3 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
4 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
5 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
6 health departments for costs incurred related to implementation of sec-
7 tion 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

8 Sec. 902. If a county that has participated in a district health
9 department or an associated arrangement with other local health depart-
10 ments takes action to cease to participate in such an arrangement after
11 October 1, 2001, the department shall have the authority to assess a pen-
12 alty from the local health department's operational accounts in an amount
13 equal to no more than 5% of the local health department's local public
14 health operations funding. This penalty shall only be assessed to the
15 local county that requests the dissolution of the health department.

16 Sec. 903. The department shall provide a report semiannually to the
17 house of representatives and senate appropriations subcommittees on com-
18 munity health, the senate and house fiscal agencies, and the state budget
19 director on the expenditures and activities undertaken by the lead abate-
20 ment program. The report shall include, but is not limited to, a funding
21 allocation schedule, expenditures by category of expenditure and by sub-
22 contractor, revenues received, description of program elements, and
23 description of program accomplishments and progress.

24 Sec. 904. (1) Funds appropriated in part 1 for local public health
25 operations shall be prospectively allocated to local health departments
26 to support immunizations, infectious disease control, sexually
27 transmitted disease control and prevention, hearing screening, vision

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1 services, food protection, public water supply, private groundwater
2 supply, and on-site sewage management. Food protection shall be provided
3 in consultation with the Michigan department of agriculture. Public
4 water supply, private groundwater supply, and on-site sewage management
5 shall be provided under contract with the Michigan department of environ-
6 mental quality.

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

9 (3) Distributions in subsection (1) shall be made only to counties
10 that maintain local spending in fiscal year 2001-2002 of at least the
11 amount expended in fiscal year 1992-1993 for the services described in
12 subsection (1).

13 (4) By April 1, 2002, the department shall make available upon
14 request a report to the senate or house of representatives appropriations
15 subcommittee on community health, the senate or house fiscal agency, or
16 the state budget director on the planned allocation of the funds appro-
17 priated for local public health operations.

18 Sec. 906. From the funds appropriated in part 1 for local health
19 services, the department shall allocate \$50,000.00 for the continuation
20 of a study to identify the sources of pollution and those responsible for
21 polluting in the Clinton river watershed, and, upon completion of the
22 pollution study, for a hydrology analysis of the Clinton river
23 watershed.

1 CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH

2 PROMOTION

3 Sec. 1001. From the state funds appropriated in part 1, the depart-
4 ment shall allocate funds to promote awareness, education, and early
5 detection of breast, cervical, prostate, and colorectal cancer, and pro-
6 vide for other health promotion media activities. The department shall
7 allocate no less than \$150,000.00 under this section for colorectal
8 cancer awareness, education, and early detection.

9 Sec. 1002. (1) The amount appropriated in part 1 for school health
10 and education programs shall be allocated in fiscal year 2001-2002 to
11 provide grants to or contract with certain districts and intermediate
12 districts for the provision of a school health education curriculum.
13 Provision of the curriculum, such as the Michigan model or another com-
14 prehensive school health education curriculum, shall be in accordance
15 with the health education goals established by the Michigan model for the
16 comprehensive school health education state steering committee. The
17 state steering committee shall be comprised of a representative from each
18 of the following offices and departments:

- 19 (a) The department of education.
20 (b) The department of community health.
21 (c) The public health agency in the department of community health.
22 (d) The office of substance abuse services in the department of com-
23 munity health.
24 (e) The family independence agency.
25 (f) The department of state police.
26 (2) Upon written or oral request, a pupil not less than 18 years of
27 age or a parent or legal guardian of a pupil less than 18 years of age,

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1 within a reasonable period of time after the request is made, shall be
2 informed of the content of a course in the health education curriculum
3 and may examine textbooks and other classroom materials that are provided
4 to the pupil or materials that are presented to the pupil in the
5 classroom. This subsection does not require a school board to permit
6 pupil or parental examination of test questions and answers, scoring
7 keys, or other examination instruments or data used to administer an aca-
8 demic examination.

9 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's infor-
10 mation network shall be used to provide information and referral services
11 through regional networks for persons with Alzheimer's disease or related
12 disorders, their families, and health care providers.

13 Sec. 1005. From the funds appropriated in part 1 for physical fit-
14 ness, nutrition, and health, up to \$1,000,000.00 may be allocated to the
15 Michigan physical fitness and sports foundation. The allocation to the
16 Michigan physical fitness and sports foundation is contingent upon the
17 foundation providing at least a 20% cash match.

18 Sec. 1006. In spending the funds appropriated in part 1 for the
19 smoking prevention program, priority shall be given to prevention and
20 smoking cessation programs for pregnant women, women with young children,
21 and adolescents.

22 Sec. 1007. (1) The funds appropriated in part 1 for violence pre-
23 vention shall be used for, but not be limited to, the following:

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

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

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

4 (3) From the funds appropriated in part 1 for violence prevention,
5 the department may include local school districts as recipients of the
6 funds for family violence prevention programs.

7 Sec. 1008. From the amount appropriated in part 1 for the cancer
8 prevention and control program, \$1,500,000.00 shall be allocated for
9 cancer and cancer prevention services and activities, consistent with the
10 current priorities of the Michigan cancer consortium.

11 Sec. 1009. From the funds appropriated in part 1 for the diabetes
12 and kidney program, a portion of the funds may be allocated to the
13 national kidney foundation of Michigan for kidney disease prevention pro-
14 gramming including early identification and education programs and kidney
15 disease prevention demonstration projects.

16 Sec. 1010. Of the funds appropriated in part 1 for the health edu-
17 cation, promotion, and research programs, the department shall allocate
18 \$400,000.00 to implement the osteoporosis prevention and treatment educa-
19 tion program targeting women and school health education. As part of the
20 program, the department shall design and implement strategies for raising
21 public awareness on the causes and nature of osteoporosis, personal risk
22 factors, value of prevention and early detection, and options for diag-
23 nosing and treating osteoporosis.

24 Sec. 1011. (1) From the funds appropriated in part 1 for the diabe-
25 tes and kidney program, [\$380,000.00] shall be allocated for improving the
26 health of African-American men in Michigan. The funds shall be used for

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1 screening and patient self-care activities for diabetes, hypertension,
2 stroke, and glaucoma and other eye diseases.

3 (2) By March 1, 2002, the department shall make available upon
4 request a report on the program under this section to the senate or house
5 of representatives appropriations subcommittee on community health, the
6 senate or house fiscal agency, or the state budget director.

7 Sec. 1012. In implementing the early childhood collaborative sec-
8 ondary prevention program, the department shall work cooperatively with
9 the department of education and the family independence agency to address
10 issues and coordinate activities for community-based collaborative pre-
11 vention services. The department shall report annually on the outcomes
12 of this collaborative effort to the senate and house of representatives
13 appropriations subcommittees on community health and the senate and house
14 fiscal agencies.

15 Sec. 1013. The funds appropriated in part 1 for the Michigan
16 Parkinson's Foundation shall be used for implementation of the Michigan
17 Parkinson's Initiative which supports and educates persons with
18 Parkinson's disease and their families. Members of the Michigan
19 Parkinson's Initiative include the University of Michigan, Michigan State
20 University, Wayne State University, Beaumont Hospital, St. John's
21 Hospital and Health Center, Henry Ford Health System, and other organiza-
22 tions as appropriate.

23 Sec. 1019. From the funds appropriated in part 1 for chronic dis-
24 ease prevention, \$50,000.00 shall be allocated for stroke prevention,
25 education, and outreach. The objectives of the program shall include
26 education to assist persons in identifying risk factors, and education to

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1 assist persons in the early identification of the occurrence of a stroke
2 in order to minimize stroke damage.

3 Sec. 1020. From the funds appropriated in part 1 for chronic dis-
4 ease prevention, \$50,000.00 shall be allocated for a childhood and adult
5 arthritis program.

6 Sec. 1022. From the funds appropriated in part 1 for the smoking
7 prevention program, \$1,500,000.00 shall be allocated as 1-time funding to
8 enable eligible state and local municipalities to apply for American
9 legacy foundation grants which are intended to decrease and prevent
10 tobacco consumption among all ages and populations.

[Sec. 1023. From the funds appropriated in part 1 for physical
fitness, nutrition, and health, up to \$125,000.00 may be allocated for
wellness programs of the athletic institute.]

11 COMMUNITY LIVING, CHILDREN, AND FAMILIES

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

20 Sec. 1102. (1) Agencies receiving funds [for adolescent health care
21 services that are appropriated from part 1 for adolescent and child]
health care services shall do all of the following:

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

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

2 (ii) Demographic information of populations served including sex,
3 age, and race. Reporting and presentation of demographic data by age
4 shall include the range of ages of 0-17 years and the range of ages of
5 18-23 years.

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

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

9 (b) As a condition of the contract, a contract shall include the
10 establishment of a local advisory committee before the planning phase of
11 an adolescent health clinic intended to provide services within that
12 school district. The advisory committee shall be comprised of not less
13 than 50% residents of the local school district, and shall not be com-
14 prised of more than 50% health care providers. A person who is employed
15 by the sponsoring agency shall not have voting privileges as a member of
16 the advisory committee.

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

20 (d) Require each adolescent health clinic funded by the agency to
21 have a written policy on parental consent, developed by the local
22 advisory committee and submitted to the local school board for approval
23 if the services are provided in a public school building where instruc-
24 tion is provided in grades kindergarten through 12.

25 (2) A local advisory committee established under subsection (1)(b),
26 in cooperation with the sponsoring agency, shall submit written
27 recommendations regarding the implementation and types of services

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1 rendered by an adolescent health clinic to the local school board for
2 approval of adolescent health services rendered in a public school build-
3 ing where instruction is provided in grades kindergarten through 12.

4 (3) The department shall submit a report to the members of the
5 senate and house of representatives appropriations subcommittees on com-
6 munity health, the senate and house fiscal agencies, and the state budget
7 director based on the information provided under subsection (1)(a). The
8 report is due 90 days after the end of the calendar year.

9 Sec. 1103. Of the funds [allocated for adolescent health care
services that are] appropriated in part 1 for adolescent and
10 child health care services, each teen center, including alternative
11 models, shall receive funding based upon a formula that includes a base
12 amount that each center shall be guaranteed, with the remaining funds
13 allocated for teen health centers to be distributed based upon the number
14 of users, visits, and services provided.

15 Sec. 1104. Before April 1, 2002, the department shall submit a
16 report to the house and senate fiscal agencies and the state budget
17 director on planned allocations from the amounts appropriated in part 1
18 for local MCH services, prenatal care outreach and service delivery sup-
19 port, family planning local agreements, and pregnancy prevention
20 programs. Using applicable federal definitions, the report shall include
21 information on all of the following:

22 (a) Funding allocations.

23 (b) Number of women, children, and/or adolescents expected to be
24 served.

25 (c) Actual numbers served and amounts expended in the categories
26 described in subdivisions (a) and (b) for the fiscal year 2000-2001.

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1 Sec. 1105. For all programs for which an appropriation is made in
2 part 1, the department shall contract with those local agencies best able
3 to serve clients. Factors to be used by the department in evaluating
4 agencies under this section shall include ability to serve high-risk pop-
5 ulation groups; ability to serve low-income clients, where applicable;
6 availability of, and access to, service sites; management efficiency; and
7 ability to meet federal standards, when applicable.

8 Sec. 1106. Each family planning program receiving federal title X
9 family planning funds shall be in compliance with all performance and
10 quality assurance indicators that the United States bureau of community
11 health services specifies in the family planning annual report. An
12 agency not in compliance with the indicators shall not receive supplemen-
13 tal or reallocated funds.

14 Sec. 1106a. (1) Federal abstinence money expended in part 1 for the
15 purpose of promoting abstinence education shall provide abstinence educa-
16 tion to teenagers most likely to engage in high risk behavior as their
17 primary focus, and may include programs that include 9- to 17-year-olds.
18 Programs funded must meet all of the following guidelines:

19 (a) Teaches the gains to be realized by abstaining from sexual
20 activity.

21 (b) Teaches abstinence from sexual activity outside of marriage as
22 the expected standard for all school age children.

23 (c) Teaches that abstinence is the only certain way to avoid
24 out-of-wedlock pregnancy, sexually transmitted diseases, and other health
25 problems.

26 (d) Teaches that a monogamous relationship in the context of
27 marriage is the expected standard of human sexual activity.

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1 (e) Teaches that sexual activity outside of marriage is likely to
2 have harmful effects.

3 (f) Teaches that bearing children out of wedlock is likely to have
4 harmful consequences.

5 (g) Teaches young people how to avoid sexual advances and how alco-
6 hol and drug use increases vulnerability to sexual advances.

7 (h) Teaches the importance of attaining self-sufficiency before
8 engaging in sexual activity.

9 (2) Coalitions, organizations, and programs that do not provide
10 contraceptives to minors and demonstrate efforts to include parental
11 involvement as a means of reducing the risk of teens becoming pregnant
12 shall be given priority in the allocations of funds.

13 (3) Programs and organizations that meet the guidelines of subsec-
14 tion (1) and criteria of subsection (2) shall have the option of receiv-
15 ing all or part of their funds directly from the department of community
16 health.

17 Sec. 1107. 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. 1108. The funds appropriated in part 1 for pregnancy preven-
21 tion programs shall not be used to provide abortion counseling, refer-
22 rals, or services.

23 Sec. 1109. (1) From the amounts appropriated in part 1 for dental
24 programs, funds shall be allocated to the Michigan dental association for
25 the administration of a volunteer dental program that would provide
26 dental services to the uninsured in an amount that is no less than the
27 amount allocated to that program in fiscal year 1996-1997.

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1 (2) Not later than November 1, 2001, the department shall make
2 available upon request a report to the senate or house of representatives
3 appropriations subcommittee on community health or the senate or house of
4 representatives standing committee on health policy the number of indi-
5 vidual patients treated, number of procedures performed, and approximate
6 total market value of those procedures through September 30, 2001.

7 Sec. 1110. Agencies that currently receive pregnancy prevention
8 funds and either receive or are eligible for other family planning funds
9 shall have the option of receiving all of their family planning funds
10 directly from the department of community health and be designated as
11 delegate agencies.

12 Sec. 1111. The department shall allocate no less than 86% of the
13 funds appropriated in part 1 for family planning local agreements and the
14 pregnancy prevention program for the direct provision of family
15 planning/pregnancy prevention services.

16 Sec. 1112. From the funds appropriated for prenatal care outreach
17 and service delivery support, the department shall allocate at least
18 \$1,000,000.00 to communities with high infant mortality rates.

19 Sec. 1113. From the funds appropriated in part 1 for special
20 projects, the department shall allocate no less than \$200,000.00 to pro-
21 vide education and outreach to targeted populations on the dangers of
22 drug use during pregnancy, neonatal addiction, and fetal alcohol syndrome
23 and further develop its infant support services to target families with
24 infants with fetal alcohol syndrome or suffering from drug addiction.

25 Sec. 1115. From the funds appropriated in part 1 for special
26 projects, the department shall allocate \$200,000.00 for pilot grants to
27 institutions of higher education to make available a network of resources

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1 and support services for students enrolled in the participating
2 institution of higher education who are in need of pregnancy and parent-
3 ing services. The funds shall also be utilized for administration of the
4 grants and assessment of need. This appropriation shall be established
5 as a 3-year work project. For purposes of this section, "institution of
6 higher education" means a university, college, or community college
7 located in the state of Michigan.

8 Sec. 1116. The department shall give priority in the awarding of
9 contracts for the funds appropriated in part 1 for the pregnancy preven-
10 tion program to organizations that provide pregnancy prevention services
11 as their primary function.

12 Sec. 1120. The department shall allocate \$8,488,600.00 to local
13 public health departments for the purpose of providing EPSDT, maternal
14 and infant support services outreach, and other Medicaid outreach and
15 support services.

16 Sec. 1122. The department shall convene an infant mortality summit
17 to focus on the reduction of the disparities in the minority and nonmi-
18 nority infant mortality rates in Michigan, as well as the disparities in
19 the rate between Michigan communities. The summit shall focus on local
20 and national practices that have proven to be effective at accomplishing
21 these reductions. The summit shall also advise the department in priori-
22 tizing its efforts in reviewing its Medicaid, public health, and related
23 programs to determine how to improve these systems and cooperation among
24 the organizations, both state and local, to make them more effective.
25 The summit shall consist of 2 members of the house of representatives, 2
26 members of the senate, and at least 1 representative from each of the
27 following organizations: the Michigan council for maternal and child

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1 health, Michigan state medical society, Michigan nurses association,
2 march of dimes, Michigan State University, Michigan SIDS alliance,
3 Michigan association for local public health, Michigan association of
4 health plans, and Michigan health and hospital association. Senate mem-
5 bers shall be appointed by the senate majority leader. House members
6 shall be appointed by the speaker of the house of representatives. There
7 shall be equal representation of republican and democratic legislative
8 members of the summit. The department shall report the summit findings
9 to the house and senate appropriations committees no later than March 1,
10 2002.

11 Sec. 1123. The department shall require that a community applica-
12 tion or applicant for new funding, over which the department has control,
13 for birth to age 5 programs, seek agreement with the comprehensive commu-
14 nity plan created to meet the application requirements of section 32b of
15 the state school aid act of 1979, 1979 PA 94, MCL 388.1632b.

[Sec. 1124. (1) From the funds appropriated in part 1 from the federal maternal and child health block grant, \$450,000.00 shall be allocated for the statewide fetal infant mortality review network. This allocation shall be considered a work project appropriation, and any unencumbered or unallotted funds are carried forward into the succeeding 2 fiscal years.

(2) It is the intent of the legislature that this project shall be funded with a like amount in the succeeding 2 fiscal years.

Sec. 1125. Of the funds appropriated in part 1 for adolescent and child health care services, the department shall allocate up to \$1,500,000.00 for an elementary school-based primary health care program. Participating organizations are required to provide a 67% funding match. Participating organizations may bill state or federal insurance programs or private or commercial health insurance programs for services provided. A standardized quality assurance system shall be established by the department for participating organizations. A participating organization shall be eligible to receive a \$25.00 outreach payment through the local health department from the Medicaid outreach program for each person assisted in completing the application process for MICHild or Medicaid.]

16 WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

17 Sec. 1150. In administering the federal summer food service program
18 for children, the department shall work to effectively utilize when pos-
19 sible resources and infrastructure that are in place for existing food
20 programs administered by the department and other state agencies includ-
21 ing the department of education.

[Sec. 1151. The department shall work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds by April 1, 2002 based on local commitment of funds.]

1 CHILDREN'S SPECIAL HEALTH CARE SERVICES

2 Sec. 1201. Funds appropriated in part 1 for medical care and treat-
3 ment of children with special health care needs shall be paid according
4 to reimbursement policies determined by the Michigan medical services
5 program. Exceptions to these policies may be taken with the prior
6 approval of the state budget director.

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

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

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

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

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

17 Sec. 1203. All children who are determined medically eligible for
18 the children's special health care services program shall be referred to
19 the appropriate locally based services program in their community.

20 CRIME VICTIM SERVICES COMMISSION

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

23 Sec. 1302. From the funds appropriated in part 1 for justice
24 assistance grants, up to \$200,000.00 shall be allocated for expansion of
25 forensic nurse examiner programs to facilitate training for improved

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1 evidence collection for the prosecution of sexual assault. The funds
2 shall be used for program coordination, training, and counseling.

3 OFFICE OF SERVICES TO THE AGING

4 Sec. 1401. The appropriation in part 1 to the office of services to
5 the aging, for community and nutrition services and home services, shall
6 be restricted to eligible individuals at least 60 years of age who fail
7 to qualify for home care services under title XVIII, XIX, or XX of the
8 social security act, chapter 531, 49 Stat. 620.

9 Sec. 1403. The office of services to the aging shall require each
10 region to report to the office of services to the aging home delivered
11 meals waiting lists based upon standard criteria. Determining criteria
12 shall include all of the following:

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

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

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

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

19 Sec. 1404. The office of services to the aging may receive and
20 expend fees for the provision of day care, care management, and respite
21 care. The office of services to the aging shall base the fees on a slid-
22 ing scale taking into consideration the client income. The office of
23 services to the aging shall use the fees to expand services.

24 Sec. 1405. The office of services to the aging may receive and
25 expend Medicaid funds for care management services.

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1 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement
2 funds to the office of services to the aging for the respite care program
3 shall be allocated in accordance with a long-term care plan developed by
4 the long-term care working group established in section 1657 of 1998
5 PA 336 upon implementation of the plan. The plan shall be implemented
6 upon meeting the requirements of section 1684 of this act. The use of
7 the funds shall be for direct respite care. Not more than 10% of the
8 amount allocated under this section shall be expended for administration
9 and administrative purposes.

10 Sec. 1407. (1) The appropriation of \$3,046,000.00 of tobacco set-
11 tlement funds to the office of services to the aging for the long-term
12 care advisor shall be allocated in accordance with a long-term care plan
13 developed by the long-term care working group established in section 1657
14 of 1998 PA 336 upon implementation of the plan. The plan shall be imple-
15 mented upon meeting the requirements of section 1684 of this act.

16 (2) Activities of the long-term care advisor shall support awareness
17 and counseling for a continuum of care for older adults including
18 assisted living arrangements, and shall promote and support family
19 involvement.

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

23 Sec. 1413. The legislature affirms the commitment to locally based
24 services. The legislature supports the role of local county board of
25 commissioners in the approval of area agency on aging plans. The legis-
26 lature supports choice and the right of local counties to change
27 membership in the area agencies on aging if the change is to an area

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1 agency on aging that is contiguous to that county. The legislature
2 supports the office of services to the aging working with others to pro-
3 vide training to commissions to better understand and advocate for aging
4 issues. It is the intent of the legislature to prohibit area agencies on
5 aging from providing direct services, including home and community based
6 waiver services, unless they receive a waiver from the department. The
7 legislature's intent in this section is conditioned on compliance with
8 federal and state laws, rules, and policies.

9 Sec. 1416. The legislature affirms the commitment to provide
10 in-home services, resources, and assistance for the frail elderly who are
11 not being served by the Medicaid home and community services waiver
12 program.

13 **MEDICAL SERVICES ADMINISTRATION**

14 Sec. 1501. The funds appropriated in part 1 for the Michigan essen-
15 tial health care provider program may also provide loan repayment for
16 dentists that fit the criteria established by part 27 of the public
17 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

18 Sec. 1502. The department is directed to continue support of multi-
19 cultural agencies that provide primary care services from the funds
20 appropriated in part 1.

21 Sec. 1503. From the amounts appropriated in part 1 for palliative
22 and hospice care, \$316,200.00 shall be allocated for education programs
23 on and promotion of palliative care, hospice, and end of life care, and
24 \$200,000.00 shall be allocated for a pilot project to assess long-term
25 feasibility of paying the cost of room and board in hospice residences

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1 for low income individuals. The department shall provide a report on the
2 interim results of the hospice pilot project to the house of representa-
3 tives and senate appropriations subcommittees on community health and the
4 house and senate fiscal agencies by April 1, 2002.

5 Sec. 1504. From the funds appropriated in part 1 for primary care
6 services, the department shall appropriate the same level of financing
7 for the Arab American and Chaldean council, and ACCESS that was appropri-
8 ated in fiscal year 1999-2000.

9 Sec. 1505. The department shall work with the department of career
10 development to explore options available under the federal "Ticket to
11 Work and Work Incentives Improvement Act of 1999". The department shall
12 provide a report on the options to extend health care coverage for work-
13 ing disabled persons under federal law by October 1, 2001.

14 Sec. 1506. From the funds appropriated in part 1 for primary care
15 services, an amount not to exceed \$4,000,000.00 is appropriated to
16 enhance the service capacity of the federally qualified health centers
17 and other health centers which are similar to federally qualified health
18 centers.

[Sec. 1507. From the funds appropriated in part 1 for primary care services, \$101.00 may be allocated to free health clinics operating in the state. An advisory committee may be appointed by the department and include not less than 4 members representing free health clinics, 1 member representing the Michigan state medical society, 1 member representing the Michigan health and hospital association, and 1 member representing nurse practitioners. Health clinics receiving funding under this section shall register with the department by submitting a form to be designed by the committee. For the purpose of this appropriation, free health clinics are health care facilities that provide services without charge or compensation.]

19 MEDICAL SERVICES

20 Sec. 1601. The cost of remedial services incurred by residents of
21 licensed adult foster care homes and licensed homes for the aged shall be
22 used in determining financial eligibility for the medically needy.
23 Remedial services include basic self-care and rehabilitation training for
24 a resident.

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1 Sec. 1602. Medical services shall be provided to elderly and
2 disabled persons with incomes less than or equal to 100% of the official
3 poverty line, pursuant to the state's option to elect such coverage set
4 out at section 1902(a)(10)(A)(ii) and (m) of title XIX, chapter 531, 49
5 Stat. 620, 42 U.S.C. 1396a.

6 Sec. 1603. (1) The department may establish a program for persons
7 to purchase medical coverage at a rate determined by the department.

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

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

12 Sec. 1604. The mother of an unborn child shall be eligible for med-
13 ical services benefits for herself and her child if all other eligibility
14 factors are met. To be eligible for these benefits, the applicant shall
15 provide medical evidence of her pregnancy. If she is unable to provide
16 the documentation, payment for the examination may be at state expense.
17 The department of community health shall undertake measures necessary to
18 ensure that necessary prenatal care is provided to medical services eli-
19 gible recipients.

20 Sec. 1605. (1) The protected income level for Medicaid coverage
21 determined pursuant to section 106(1)(b)(iii) of the social welfare act,
22 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance
23 standard.

24 (2) The department shall notify the senate and house of representa-
25 tives appropriations subcommittees on community health of any proposed
26 revisions to the protected income level for Medicaid coverage related to
27 the public assistance standard 90 days prior to implementation.

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1 Sec. 1606. For the purpose of guardian and conservator charges, the
2 department of community health may deduct up to \$60.00 per month as an
3 allowable expense against a recipient's income when determining medical
4 services eligibility and patient pay amounts.

5 Sec. 1607. (1) An applicant for Medicaid, whose qualifying condi-
6 tion is pregnancy, shall immediately be presumed to be eligible for
7 Medicaid coverage unless the preponderance of evidence in her application
8 indicates otherwise.

9 (2) An applicant qualified as described in subsection (1) shall be
10 given a letter of authorization to receive Medicaid covered services
11 related to her pregnancy. In addition, the applicant shall receive a
12 listing of Medicaid physicians and managed care plans in the immediate
13 vicinity of the applicant's residence.

14 (3) An applicant that selects a Medicaid provider, other than a man-
15 aged care plan, from which to receive pregnancy services, shall not be
16 required to enroll in a managed care plan until the end of the second
17 month postpartum.

18 (4) In the event that an applicant, presumed to be eligible pursuant
19 to subsection (1), is subsequently found to be ineligible, a Medicaid
20 physician or managed care plan that has been providing pregnancy services
21 to an applicant under this section is entitled to reimbursement for those
22 services until such time as they are notified by the department that the
23 applicant was found to be ineligible for Medicaid.

24 (5) If the preponderance of evidence in an application indicates
25 that the applicant is not eligible for Medicaid, the department shall
26 refer that applicant to the nearest public health clinic or similar
27 entity as a potential source for receiving pregnancy related services.

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1 Sec. 1608. The department shall make available to health care
2 providers a pamphlet identifying patient rights and responsibilities
3 described in section 20201 of the public health code, 1978 PA 368, MCL
4 333.20201.

5 Sec. 1610. The department of community health shall provide an
6 administrative procedure for the review of cost report grievances by med-
7 ical services providers with regard to reimbursement under the medical
8 services program. Settlements of properly submitted cost reports shall
9 be paid not later than 9 months from receipt of the final report.

10 Sec. 1611. (1) For care provided to medical services recipients
11 with other third-party sources of payment, medical services reimbursement
12 shall not exceed, in combination with such other resources, including
13 Medicare, those amounts established for medical services-only patients.
14 The medical services payment rate shall be accepted as payment in full.
15 Other than an approved medical services copayment, no portion of a
16 provider's charge shall be billed to the recipient or any person acting
17 on behalf of the recipient. Nothing in this section shall be considered
18 to affect the level of payment from a third-party source other than the
19 medical services program. The department shall require a nonenrolled
20 provider to accept medical services payments as payment in full.

21 (2) Notwithstanding subsection (1), medical services reimbursement
22 for hospital services provided to dual Medicare/medical services recip-
23 ients with Medicare Part B coverage only shall equal, when combined with
24 payments for Medicare and other third-party resources, if any, those
25 amounts established for medical services-only patients, including capital
26 payments.

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1 Sec. 1612. (1) It is the intent of the legislature that a uniform
2 Medicaid billing form be developed by the department in consultation with
3 affected Medicaid providers. Every 2 months, the department shall pro-
4 vide reports to members of the senate and house of representatives appro-
5 priations subcommittees on community health and the senate and house
6 fiscal agencies on the progress of this initiative.

7 (2) HMOs that contract with the department to provide services to
8 the Medicaid population shall adhere to the time frames for payment of
9 clean claims as defined in section 111i(2)(a) of 2000 PA 187 submitted by
10 health professionals and facilities and provide notice of any defect in
11 claims submitted as specified in section 111i of 2000 PA 187.

12 Sec. 1613. (1) The workgroup established in section 1703 of 2000
13 PA 296 shall continue until the rebasing of the Medicaid fee schedule for
14 physician and outpatient hospital services is completed.

15 (2) The workgroup shall provide a bimonthly report, beginning
16 October 1, 2001, to the senate and house of representatives appropria-
17 tions subcommittees on community health and senate and house fiscal agen-
18 cies, of the activities of the workgroup and the expected date for the
19 completion of the rebasing.

20 Sec. 1620. Effective October 1, 2001, the pharmaceutical dispensing
21 fee shall be \$3.77 or the usual or customary cash charge, whichever is
22 less. If a Medicaid recipient is 21 years of age or older, the depart-
23 ment shall require a \$0.50 per prescription copayment for a generic drug
24 and a copayment of \$3.00 or less for a brand name drug for which an
25 equivalent generic drug is available, except as prohibited by federal or
26 state law or regulation.

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1 Sec. 1621. (1) The department shall not preauthorize single-source
2 pharmaceutical products except in the following circumstances:

3 (a) Those single-source pharmaceutical products that have been
4 subject to prior authorization by the department prior to January 1,
5 1992.

6 (b) Those single-source pharmaceuticals within the categories speci-
7 fied in section 1927(d)(2) of title XIX, 42 U.S.C. 1396r-8, or for the
8 reasons delineated in section 1927(d)(3) of title XIX, 42
9 U.S.C. 1396r-8.

10 (c) Those pharmaceutical products related to the treatment of sexual
11 dysfunction.

12 (d) Those pharmaceutical products that do not have a medically
13 accepted indication. As used in this subdivision, "medically accepted
14 indication" means any use of a covered outpatient drug that is approved
15 under the federal food, drug, and cosmetic act, that appears in peer
16 reviewed medical literature, or that is accepted by 1 or more of the fol-
17 lowing compendia: the American hospital formulary service-drug informa-
18 tion, the American medical association drug evaluations, the United
19 States pharmacopeia-drug information, or the drugdex information system.

20 (2) The department may implement prospective drug utilization review
21 and disease management systems. The prospective drug utilization review
22 and disease management systems authorized by this subsection shall have
23 physician oversight, shall focus on patient, physician, and pharmacist
24 education, and shall be developed in consultation with the national phar-
25 maceutical council, Michigan state medical society, Michigan association
26 of osteopathic physicians, Michigan pharmacists' association, Michigan
27 partner for patient advocacy, and Michigan nurses' association.

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1 Sec. 1622. The department may implement a mail-order pharmacy
2 program for the noncapitated portion of the Medicaid program after a
3 study by the department is submitted to the house of representatives and
4 senate appropriations subcommittees on community health and after the
5 repeal of section 17763(a) of the public health code, 1978 PA 368,
6 MCL 333.17763.

7 Sec. 1623. (1) The department shall continue the Medicaid policy
8 that allows for the dispensing of a 100-day supply for maintenance
9 drugs.

10 (2) The department shall notify all HMOs, physicians, pharmacies,
11 and other medical providers that are enrolled in the Medicaid program
12 that Medicaid policy allows for the dispensing of a 100-day supply for
13 maintenance drugs.

14 (3) The notice in subsection (2) shall also clarify that a pharmacy
15 shall fill a prescription written for maintenance drugs in the quantity
16 specified by the physician, but not more than the maximum allowed under
17 Medicaid, unless subsequent consultation with the prescribing physician
18 indicates otherwise.

19 Sec. 1626. The department, in conjunction with community mental
20 health services programs, shall establish a Medicaid psychotropic drug
21 utilization advisory committee which shall consist of 1 representative
22 from the mental health and substance abuse services administration, 1
23 representative from the medical services administration, 1 representative
24 from the Michigan association of community mental health boards, 1 repre-
25 sentative from the Michigan pharmacists association, 1 representative
26 from the Michigan state medical society, 1 representative from the
27 Michigan association of osteopathic physicians, 1 representative from the

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1 Michigan psychiatric society, 2 representatives from the pharmaceutical
2 industry that have either research or manufacturing facilities located
3 within the state, and 2 representatives appointed by the Michigan part-
4 ners for patient advocacy to represent the concerns of consumer, family,
5 advocacy, and children's groups. The committee shall maintain a liaison
6 with the Medicaid drug utilization review board and shall report to the
7 senate and house of representatives appropriations subcommittees on com-
8 munity health and the senate and house fiscal agencies not later than
9 September 30, 2002.

10 Sec. 1627. (1) The department shall use procedures and rebates
11 amounts specified under section 1927 of title XIX of the social security
12 act, 42 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical
13 manufacturers for outpatient drugs dispensed to participants in state
14 medical program and children's special health care services.

15 (2) For products distributed by pharmaceutical manufacturers not
16 providing quarterly rebates as listed in subsection (1), the department
17 may require preauthorization.

18 Sec. 1628. The department shall develop a plan to maximize the col-
19 lection of pharmaceutical rebates through the Medicaid program and pro-
20 vide a report on the plan developed by October 1, 2001.

21 Sec. 1629. From the funds appropriated in part 1 for the elder pre-
22 scription insurance coverage program, the department shall provide pre-
23 scription drug coverage to noninstitutionalized Michigan residents 65
24 years of age or older with income at or below 200% of the federal poverty
25 guideline pursuant to the elder prescription insurance coverage act, 2000
26 PA 499, MCL 550.2001 to 550.2009. The Michigan emergency pharmaceutical

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1 programs for seniors in 2000 PA 296 shall be continued until the EPIC
2 program is implemented.

3 Sec. 1630. Medicaid adult dental services, podiatric services, and
4 chiropractic services shall continue at not less than the level in effect
5 on October 1, 1996, except that reasonable utilization limitations may be
6 adopted in order to prevent excess utilization. The department shall not
7 impose utilization restrictions on chiropractic services unless a recipi-
8 ent has exceeded 18 office visits within 1 year.

9 Sec. 1631. The department shall require copayments on dental, podi-
10 atric, chiropractic, vision, and hearing aid services provided to
11 Medicaid recipients, except as prohibited by federal or state law or
12 regulation.

13 Sec. 1633. From the funds appropriated in part 1 for auxiliary med-
14 ical services, the department shall expand the healthy kids dental
15 program [statewide if funds become available].

16 Sec. 1634. From the funds appropriated in part 1 for auxiliary med-
17 ical services, the payment rates for ambulance services shall be
18 increased by 20%.

19 Sec. 1640. The department of community health shall distribute
20 \$695,000.00 to children's hospitals that have a high indigent care
21 volume. The amount to be distributed to any given hospital shall be
22 based on a formula determined by the department of community health.

23 Sec. 1641. An institutional provider that is required to submit a
24 cost report under the medical services program shall submit cost reports
25 completed in full within 5 months after the end of its fiscal year.

26 Sec. 1642. The department may make separate payments directly to
27 qualifying hospitals serving a disproportionate share of indigent

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

5 Sec. 1643. Of the funds appropriated in part 1 for graduate medical
6 education in the hospital services and therapy line item appropriation,
7 \$3,635,100.00 shall be allocated for the psychiatric residency training
8 program that establishes and maintains collaborative relations with the
9 schools of medicine at Michigan State University and Wayne State
10 University.

11 Sec. 1644. From the funds appropriated in part 1 for the rural
12 health initiative, at least 85% of the total shall be allocated as an
13 outpatient adjustor payment to hospitals in rural counties in proportion
14 to each hospital's Medicaid and indigent patient population. Up to 15%
15 of the rural health initiative funds may be allocated for defibrillator
16 grants, EMT training and support, or both.

17 Sec. 1645. The outpatient hospital fee adjustor totaling
18 \$16,511,000.00 in fiscal year 2000-2001 to hospitals that are under con-
19 tract with health maintenance organizations is continued in fiscal year
20 2001-2002.

21 Sec. 1646. (1) From the funds appropriated in part 1 for state and
22 local medical programs, the department shall allocate 1-time funding of
23 \$2,500,000.00 to hospitals in 3 communities with high infant mortality
24 rates to improve access to prenatal and maternity care including labor
25 and delivery for uninsured and Medicaid eligible women. The funding
26 shall be available for 1 project in each of the following categories: a
27 city or township with a population of not less than 250,000; a city or

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1 township with a population between 50,000 and 250,000; and a city or
2 township with a population of less than 50,000.

3 (2) The criteria to be utilized in awarding the funds shall include
4 the infant mortality rate for each community, the number and percentage

5 of uninsured and Medicaid eligible births, the recent closure of neigh-
6 boring hospitals that formerly provided maternity related services, and
7 the commitment to provide outreach to at-risk women in collaboration with
8 the local health departments, other locally based agencies, or both.

[Sec. 1647. From the funds appropriated in part 1 for hospital services, the department shall allocate for graduate medical education not less than was allocated for graduate medical education in fiscal year 2000-2001 unless the department provides members of the house of representatives and senate appropriations committees and the house and senate fiscal agencies with not less than 45-day advance notice of such action and an explanation of how funds for graduate medical education will be allocated.]

Sec. 1648. The department shall maintain an automated toll-free phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall establish, breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. Such coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the Breast and Cervical Cancer Prevention and Treatment Act of 2000, Public Law 106-354 of the 106th Congress.]

9 Sec. 1650. (1) The department may require medical services recip-
10 ients residing in counties offering managed care options to choose the
11 particular managed care plan in which they wish to be enrolled. Persons
12 not expressing a preference may be assigned to a managed care provider.

13 (2) Persons to be assigned a managed care provider shall be informed
14 in writing of the criteria for exceptions to capitated managed care
15 enrollment, their right to change HMOs for any reason within the initial
16 90 days of enrollment, the toll-free telephone number for problems and
17 complaints, and information regarding grievance and appeals rights.

18 (3) The criteria for medical exceptions to HMO enrollment shall be
19 based on submitted documentation that indicates a recipient has a serious
20 medical condition, and is undergoing active treatment for that condition
21 with a physician who does not participate in 1 of the HMOs. If the
22 person meets the criteria established by this subsection, the department
23 shall grant an exception to mandatory enrollment at least through the
24 current prescribed course of treatment, subject to periodic review of
25 continued eligibility.

[Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.]

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

26 Sec. 1653. Implementation and contracting for managed care by the
27 department through HMOs are subject to the following conditions:

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

5 (b) The department shall require contracted HMOs to submit data
6 determined necessary for evaluation on a timely basis.

7 (c) A health plans advisory council is functioning that meets all
8 applicable federal and state requirements for a medical care advisory
9 committee. The council shall review at least quarterly the implementa-
10 tion of the department's managed care plans.

11 (d) Mandatory enrollment of Medicaid beneficiaries living in coun-
12 ties defined as rural by the federal government, which is any nonurban
13 standard metropolitan statistical area, is allowed if there is only 1 HMO
14 serving the Medicaid population, as long as each Medicaid beneficiary is
15 assured of having a choice of at least 2 physicians by the HMO.

16 (e) Enrollment of recipients of children's special health care serv-
17 ices in HMOs shall be voluntary during fiscal year 2001-2002.

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

24 Sec. 1654. (1) Medicaid HMOs shall establish an ongoing internal
25 quality assurance program for health care services provided to Medicaid
26 recipients which includes all of the following:

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1 (a) An emphasis on health outcomes.

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

4 (c) Review by physicians and other health care professionals of the
5 process followed in the provision of the health care services.

6 (d) Evaluation of the continuity and coordination of care that
7 enrollees receive.

8 (e) Mechanisms to detect overutilization and underutilization of
9 services.

10 (f) Actions to improve quality and assess the effectiveness of the
11 action through systematic follow-up.

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

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

15 (i) Consumer involvement in the development of the quality assurance
16 program and consideration of enrollee complaints and satisfaction survey
17 results.

18 (2) Medicaid HMOs shall apply for accreditation by an appropriate
19 external independent accrediting organization requiring standards recog-
20 nized by the department once those HMOs have met the application
21 requirements. The state shall accept accreditation of an HMO by an
22 approved accrediting organization as proof that the HMO meets some or all
23 of the state's requirements, if the state determines that the accrediting
24 organization's standards meet or exceed the state's requirements.

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

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1 (4) Medicaid HMOs shall assure that all covered services are
2 available and accessible to enrollees with reasonable promptness and in a
3 manner that assures continuity. Medically necessary services shall be
4 available and accessible 24 hours a day and 7 days a week. HMOs shall
5 continue to develop procedures for determining medical necessity which
6 may include a prior authorization process.

7 (5) Medicaid HMOs shall provide for reimbursement of HMO covered
8 services delivered other than through the HMO's providers if medically
9 necessary and approved by the HMO, immediately required, and that could
10 not be reasonably obtained through the HMO's providers on a timely
11 basis. Such services shall be considered approved if the HMO does not
12 respond to a request for authorization within 24 hours of the request.
13 Reimbursement shall not exceed the Medicaid fee-for-service payment for
14 those services.

15 (6) Medicaid HMOs shall provide access to appropriate providers,
16 including qualified specialists for all medically necessary services.

17 (7) Medicaid HMOs shall provide the department with a demonstration
18 of the plan's capacity to adequately serve the HMO's expected enrollment
19 of Medicaid enrollees.

20 (8) Medicaid HMOs shall provide assurances to the department that it
21 will not deny enrollment to, expel, or refuse to reenroll any individual
22 because of the individual's health status or need for services, and that
23 it will notify all eligible persons of those assurances at the time of
24 enrollment.

25 (9) Medicaid HMOs shall provide procedures for hearing and resolving
26 grievances between the HMO and members enrolled in the HMO on a timely
27 basis.

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1 (10) Medicaid HMOs shall meet other standards and requirements
2 contained in state laws, administrative rules, and policies promulgated
3 by the department.

4 (11) Medicaid HMOs shall develop written plans for providing non-
5 emergency medical transportation services funded through supplemental
6 payments made to the plans by the department, and shall include informa-
7 tion about transportation in their member handbook.

8 Sec. 1655. (1) The department may require a 12-month lock-in to the
9 HMO selected by the recipient during the initial and subsequent open
10 enrollment periods, but allow for good cause exceptions during the
11 lock-in period.

12 (2) Medicaid recipients shall be allowed to change HMOs for any
13 reason within the initial 90 days of enrollment.

14 Sec. 1656. (1) The department shall provide an expedited complaint
15 review procedure for Medicaid eligible persons enrolled in HMOs for situ-
16 ations in which failure to receive any health care service would result
17 in significant harm to the enrollee.

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

23 (3) Annual reports summarizing the problems and complaints reported
24 and their resolution shall be provided to the house of representatives
25 and senate appropriations subcommittees on community health, the house
26 and senate fiscal agencies, the state budget office, and the department's
27 health plans advisory council.

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1 Sec. 1657. (1) Reimbursement for medical services to screen and
2 stabilize a Medicaid recipient, including stabilization of a psychiatric
3 crisis, in a hospital emergency room shall not be made contingent on
4 obtaining prior authorization from the recipient's HMO or CMHSP. If the
5 recipient is discharged from the emergency room, the hospital shall
6 notify the recipient's HMO or CMHSP within 24 hours of the diagnosis and
7 treatment received.

8 (2) If the treating hospital determines that the recipient will
9 require further medical service or hospitalization beyond the point of
10 stabilization, that hospital must receive authorization from the
11 recipient's HMO prior to admitting the recipient.

12 (3) Subsections (1) and (2) shall not be construed as a requirement
13 to alter an existing agreement between an HMO and their contracting hos-
14 pitals nor as a requirement that an HMO must reimburse for services that
15 are not considered to be medically necessary.

16 Sec. 1658. (1) HMOs shall have contracts with hospitals within a
17 reasonable distance from their enrollees to provide services to the
18 enrollees. If a hospital does not contract with 1 or more HMOs in a
19 service area with 1 or 2 HMOs or does not contract with 2 or more HMOs in
20 a service area with 3 or more HMOs, it shall be subject to binding
21 arbitration. In the absence of a contract between an HMO and a hospital,
22 established either by binding arbitration under this subsection or by
23 agreement of the HMO and the hospital, the HMO must reimburse the hospi-
24 tal for medically necessary, appropriately authorized services arranged
25 by a physician with admitting privileges at the hospital at Medicaid
26 fee-for-service rates.

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1 (2) An HMO may initiate the binding arbitration under subsection (1)
2 not less than 90 days after its submission of a formal contract offer to
3 the hospital.

4 (3) The department shall develop or provide a model arbitration
5 agreement for use under this section.

6 Sec. 1659. The following sections are the only ones that shall
7 apply to the following Medicaid managed care programs, including the com-
8 prehensive plan, children's special health care services plan, MI Choice
9 long-term care plan, and the mental health, substance abuse, and develop-
10 mentally disabled services program: 402, 404, 413, 414, 418, 1612, 1642,
11 1650, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, and 1662.

12 Sec. 1660. (1) The department shall assure that all Medicaid chil-
13 dren have timely access to EPSDT services as required by federal law.
14 Medicaid HMOs shall provide EPSDT services to their child members in
15 accordance with Medicaid EPSDT policy.

16 (2) The primary responsibility of assuring a child's hearing and
17 vision screening is with the child's primary care provider. The primary
18 care provider shall provide age appropriate screening or arrange for
19 these tests through referrals to local health departments. Local health
20 departments shall provide preschool hearing and vision screening services
21 and accept referrals for these tests from physicians or from Head Start
22 programs in order to assure all preschool children have appropriate
23 access to hearing and vision screening. Local health departments shall
24 be reimbursed for the cost of providing these tests for Medicaid eligible
25 children by the Medicaid program.

26 (3) The department shall require Medicaid HMOs to provide EPSDT
27 utilization data through the encounter data system, and health employer

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1 data and information set well child health measures in accordance with
2 the National Committee on Quality Assurance prescribed methodology.

3 (4) The department shall require HMOs to be responsible for well
4 child visits and maternal and infant support services as described in
5 Medicaid policy. These responsibilities shall be specified in the infor-
6 mation distributed by the HMOs to their members.

7 (5) The department shall provide, on an annual basis, budget neutral
8 incentives to HMOs and local health departments to improve performance on
9 measures related to the care of children and pregnant women for Medicaid
10 health plans and local health departments.

11 Sec. 1661. (1) The department shall assure that all Medicaid eligi-
12 ble children and pregnant women have timely access to MSS/ISS services.
13 Medicaid HMOs shall assure that maternal support service screening is
14 available to their pregnant members and that those women found to meet
15 the maternal support service high-risk criteria are offered maternal sup-
16 port services. Local health departments shall assure that maternal sup-
17 port service screening is available for Medicaid pregnant women not
18 enrolled in an HMO and that those women found to meet the maternal sup-
19 port service high-risk criteria are offered maternal support services or
20 are referred to a certified maternal support service provider.

21 (2) The department shall prohibit HMOs from requiring prior authori-
22 zation of their contracted providers for any EPSDT screening and diagno-
23 sis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS
24 service visits.

25 (3) The department shall assure the coordination of MSS/ISS services
26 with the WIC program, state-supported substance abuse, smoking
27 prevention, and violence prevention programs, the family independence

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1 agency, and any other state or local program with a focus on preventing
2 adverse birth outcomes and child abuse and neglect.

3 Sec. 1662. (1) The department shall require the external quality
4 review contractor to conduct a review of all EPSDT components provided to
5 children from a statistically valid sample of health plan medical
6 records.

7 (2) The department shall provide a copy of the analysis of the
8 Medicaid HMO annual audited health employer data and information set
9 reports and the annual external quality review report to the senate and
10 house of representatives appropriations subcommittees on community
11 health, the senate and house fiscal agencies, and the state budget direc-
12 tor, within 30 days of the department's receipt of the final reports from
13 the contractors.

14 (3) The department shall work with the Michigan association of
15 health plans and the Michigan association for local public health to
16 improve service delivery and coordination in the MSS/ISS and EPSDT
17 programs.

18 (4) The department shall provide training and technical assistance
19 workshops on EPSDT and MSS/ISS for Medicaid health plans, local health
20 departments, and MSS/ISS contractors.

21 Sec. 1663. (1) Local health departments and HMOs shall work with
22 interested hospitals in their area on training and coordination to iden-
23 tify and make MSS/ISS referrals.

24 (2) Local health departments shall work with interested hospitals,
25 school-based health centers, clinics, other community organizations, and
26 local family independence agency offices in their area on training and
27 coordination to distribute and facilitate the completion of MICHild

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1 application forms for persons who are potentially eligible for the
2 program.

3 Sec. 1670. (1) The appropriation in part 1 for the MICHild program
4 is to be used to provide comprehensive health care to all children under
5 age 19 who reside in families with income at or below 200% of the federal
6 poverty level, who are uninsured and have not had coverage by other com-
7 prehensive health insurance within 6 months of making application for
8 MICHild benefits, and who are residents of this state. The department
9 shall develop detailed eligibility criteria through the medical services
10 administration public concurrence process, consistent with the provisions
11 of this act. Health care coverage for children in families below 150% of
12 the federal poverty level shall be provided through expanded eligibility
13 under the state's Medicaid program. Health coverage for children in fam-
14 ilies between 150% and 200% of the federal poverty level shall be pro-
15 vided through a state-based private health care program.

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

20 (a) "Dental care corporation", "health care corporation", "insurer",
21 and "prudent purchaser agreement" mean those terms as defined in section
22 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

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

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

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

7 Sec. 1671. From the funds appropriated in part 1, the department
8 shall continue a comprehensive approach to the marketing and outreach of
9 the MICHild program. The marketing and outreach required under this sec-
10 tion shall be coordinated with current outreach, information dissemina-
11 tion, and marketing efforts and activities conducted by the department.

12 Sec. 1672. The department may provide up to 1 year of continuous
13 eligibility to children eligible for the MICHild program unless the
14 status of the children's family changes and its members no longer meet
15 the eligibility criteria as specified in the federally approved MICHild
16 state plan.

17 Sec. 1673. The department may establish premiums for MICHild eligi-
18 ble persons in families with income above 150% of the federal poverty
19 level. The monthly premiums shall not exceed \$5.00 for a family.

20 Sec. 1674. The department shall not require copayments under the
21 MICHild program.

22 Sec. 1675. Children whose category of eligibility changes between
23 the Medicaid and MICHild programs shall be assured of keeping their cur-
24 rent health care providers through the current prescribed course of
25 treatment for up to 1 year, subject to periodic reviews by the department
26 if the beneficiary has a serious medical condition and is undergoing
27 active treatment for that condition.

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1 Sec. 1676. To be eligible for the MICHild program, a child must be
2 residing in a family with an adjusted gross income of less than or equal
3 to 200% of the federal poverty level. The department's verification
4 policy shall be used to determine eligibility.

5 Sec. 1677. The MICHild program shall provide all benefits available
6 under the state employee insurance plan that are delivered through the
7 qualified health plans and consistent with federal law, including, but
8 not limited to, the following medically necessary services:

9 (a) Inpatient mental health services, other than substance abuse
10 treatment services, including services furnished in a state-operated
11 mental hospital and residential or other 24-hour therapeutically planned
12 structured services.

13 (b) Outpatient mental health services, other than substance abuse
14 services, including services furnished in a state-operated mental hospi-
15 tal and community-based services.

16 (c) Durable medical equipment and prosthetic and orthotic devices.

17 (d) Dental services as outlined in the approved MICHild state plan.

18 (e) Substance abuse treatment services that may include inpatient,
19 outpatient, and residential substance abuse treatment services.

20 (f) Care management services for mental health diagnoses.

21 (g) Physical therapy, occupational therapy, and services for indi-
22 viduals with speech, hearing, and language disorders.

23 (h) Emergency ambulance services.

24 Sec. 1678. The department shall explore options under the federal
25 state children's health insurance program (SCHIP), including waiver
26 requests, to extend coverage to low-income parents of MICHild eligible
27 children. The department shall also explore options to increase the

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1 Medicaid income disregard for parents of Medicaid or MICHild eligible
2 children who have income up to 100% of the federal poverty level. The
3 department shall issue a report that identifies the estimated number of
4 persons to be served and the projected costs for the various health care
5 coverage options considered to the house and senate appropriations sub-
6 committees on community health and the house and senate fiscal agencies
7 by March 1, 2002.

8 Sec. 1680. (1) It is the intent of the legislature that payment
9 increases for enhanced wages and new or enhanced employee benefits pro-
10 vided through the Medicaid nursing home wage pass-through program in pre-
11 vious years be continued in fiscal year 2001-2002.

12 (2) The department shall provide a report to the house and senate
13 appropriations subcommittees on community health and the house and senate
14 fiscal agencies regarding the amount of nursing home employee wage and
15 benefit increases provided through the nursing home wage pass-through
16 program in fiscal year 2000-2001.

17 (3) It is the intent of the legislature that the nursing home eco-
18 nomic increase appropriated in part 1 for long-term care services be used
19 to increase wages and benefits to nursing home employees.

20 Sec. 1681. (1) The department may fund home and community-based
21 services in lieu of nursing home services, for individuals seeking
22 long-term care services, from the nursing home or personal care in-home
23 services line items.

24 (2) The department shall provide a report on the pilot project to
25 coordinate services between the home and community-based services and the
26 adult home help programs to the house and senate appropriations

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1 subcommittees on community health and the house and senate fiscal
2 agencies by April 1, 2002.

3 Sec. 1682. (1) The department shall implement enforcement actions
4 as specified in the nursing facility enforcement provisions of section
5 1919 of title XIX, chapter 531, 49 Stat. 620, 42 U.S.C. 1396r.

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

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

13 Sec. 1683. The department shall promote activities that preserve
14 the dignity and rights of terminally ill and chronically ill
15 individuals. Priority shall be given to programs, such as hospice, that
16 focus on individual dignity and quality of care provided persons with
17 terminal illness and programs serving persons with chronic illnesses that
18 reduce the rate of suicide through the advancement of the knowledge and
19 use of improved, appropriate pain management for these persons; and ini-
20 tiatives that train health care practitioners and faculty in managing
21 pain, providing palliative care, and suicide prevention.

22 Sec. 1684. The long-term care working group established in section
23 1657 of 1998 PA 336 shall continue to exist to review the allocation of
24 the long-term care innovations grant funding and to monitor the implemen-
25 tation of the demonstration projects being funded. The department shall
26 not implement a long-term care plan until the expiration of 24 days
27 during which at least 1 house of the legislature convenes after the

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1 long-term care working group has submitted the written long-term care
2 plan to the senate majority leader, the speaker of the house, the senate
3 and house appropriations subcommittees on community health, and the state
4 budget director.

5 Sec. 1685. All nursing home rates, class I and class III, must have
6 their respective fiscal year rate set 30 days prior to the beginning of
7 their rate year. Rates may take into account the most recent cost report
8 prepared and certified by the preparer, provider corporate owner or rep-
9 resentative as being true and accurate, and filed timely, within 5 months
10 of the fiscal year end in accordance with Medicaid policy. If the
11 audited version of the last report is available, it shall be used. Any
12 rate factors based on the filed cost report may be retroactively adjusted
13 upon completion of the audit of that cost report.

14 Sec. 1686. (1) Medicaid payment rates for nursing home services
15 that take effect on or after October 1, 2001 shall be based on a minimum
16 resident occupancy requirement of 82%.

17 (2) A nursing home that removes beds to reduce its licensed bed
18 capacity may remove the beds from anywhere in the facility and does not
19 have to remove only beds adjacent to each other. The facility cost for
20 space from which beds are removed to downsize wards or create private
21 rooms shall remain as an allowable Medicaid cost. Nursing home beds
22 removed under this policy shall remain out of service for not less than 1
23 year, unless a shorter period of time is approved by the department.

24 Sec. 1687. Following the department's determination of the proper
25 fiscal year 2001-2002 allocation of the funds in part 1 appropriated for
26 long-term care services to the area agencies on aging for Medicaid home
27 and community based waiver services, the department shall adjust the

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1 allocation for administrative funding to provide an additional
2 \$200,000.00 to the region 2 area agency on aging and adjust the alloca-
3 tion for administrative funding of the region 6 area agency on aging to
4 reduce its allocation by \$200,000.00. This adjustment is for fiscal year
5 2001-2002 only. The department may cancel this funding adjustment if the
6 directors of the region 2 and region 6 area agencies on aging mutually
7 agree.

8 Sec. 1688. It is the intent of the legislature to address liability
9 insurance increases for nursing homes by creating a state self-insured
10 fund, a catastrophic claim fund, a cost-settled Medicaid pass-through for
11 these increases if not in the base rate, or implementing an alternative
12 methodology. A pass-through may be paid outside the Medicaid variable
13 cost limit for the respective rate periods effective with rates beginning
14 on or after October 1, 2001.

[Sec. 1689. The department shall not impose a limit on
reimbursement for the provision of personal care services under the
Medicaid home and community-based waiver program that is less than the
maximum reimbursement allowable under Michigan's Medicaid home and
community-based waiver program in fiscal year 2000-2001.]

15 Sec. 1690. (1) From the funds appropriated in part 1 for the indi-
16 gent medical care program, the department shall establish a program that
17 provides for the basic health care needs of indigent persons as delin-
18 eated in the following subsections.

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

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

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

26 (3) All potentially eligible persons, except those defined in
27 subsection (2)(a), who shall be automatically enrolled, may apply for

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1 enrollment in this program at local family independence agency offices or
2 other designated sites.

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

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

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

8 (c) Pharmaceutical services.

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

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

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

19 Sec. 1691. (1) From the funds appropriated in part 1, the depart-
20 ment, subject to the requirements and limitations in this section, shall
21 establish a funding pool of up to \$44,012,800.00 for the purpose of
22 enhancing the aggregate payment for medical services hospital services.

23 (2) For a county with a population of more than 2,000,000 people,
24 the department shall distribute \$44,012,800.00 to hospitals if
25 \$15,026,700.00 is received by the state from such a county, which meets
26 the criteria of an allowable state matching share as determined by
27 applicable federal laws and regulations. If the state receives a lesser

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1 sum of an allowable state matching share from such a county, the amount
2 distributed shall be reduced accordingly.

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

6 (4) The department is authorized to establish and expand programs in
7 counties that include rural, underserved areas if the expenditures for
8 the programs do not increase state general fund/general purpose costs and
9 local funds are provided.

10 (5) If a locally administered indigent health care program replaces
11 the state medical program authorized by section 1690 for a given county
12 on or before October 1, 1998, the state general fund/general purpose dol-
13 lars allocated for that county under this section shall not be less than
14 the general fund/general purpose expenditures for the state medical pro-
15 gram in that county in the previous fiscal year.

16 Sec. 1692. (1) The department of community health is authorized to
17 pursue reimbursement for eligible services provided in Michigan schools
18 from the federal Medicaid program. The department and the state budget
19 director are authorized to negotiate and enter into agreements, together
20 with the department of education, with local and intermediate school dis-
21 tricts regarding the sharing of federal Medicaid services funds received
22 for these services. The department is authorized to receive and disburse
23 funds to participating school districts pursuant to such agreements and
24 state and federal law.

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

H01038'01 (H-1)

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1 (a) Finance activities within the medical services administration
2 related to this project.

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

6 (c) Offset general fund costs associated with the medical services
7 program.

8 Sec. 1693. The special adjustor payments appropriation in part 1
9 may be increased if the department submits a medical services state plan
10 amendment pertaining to this line item at a level higher than the
11 appropriation. The department is authorized to appropriately adjust
12 financing sources in accordance with the increased appropriation.

13 Sec. 1695. It is the sense of the legislature that disproportionate
14 share hospital payments and other similar adjustor payments should be
15 equitably distributed on a statewide basis. [A workgroup comprised of
16 members of the house of representatives and senate appropriations
17 subcommittees on community health shall be created to review the report
18 issued by the department on May 1, 2001 on the methodology used to
19 distribute disproportionate share hospital payments and other similar
20 adjustor payments. The workgroup shall make recommendations on adjustments
21 to disproportionate share hospital payments and other similar adjustor
payments by February 1, 2002, to ensure that funds are equitably
distributed on a statewide basis.]

Sec. 1696. It is the intent of the legislature that the department
implement by April 1, 2002, a magnetic card identification system for the
Medicaid program that will assist in the eligibility verification
process.]

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PART 2B

25 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2000-2001

26 Sec. 2201. Of the amount appropriated to medical services
27 administration for the "Ticket to Work" initiative in 2000 PA 296,

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1 \$50,000.00 shall be considered a work project. Those funds shall not
2 lapse on September 30, 2001 and shall be carried forward for the purpose
3 of supporting expenditures for the "Ticket to Work" initiative in fiscal
4 year 2001-2002.