

**SENATE 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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

2

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.....	\$	8,804,574,600
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....	\$	74,507,400
11	ADJUSTED GROSS APPROPRIATION.....	\$	8,730,067,200
12	Federal revenues:		
13	Total federal revenues.....		4,540,608,300
14	Special revenue funds:		
15	Total local revenues.....		1,063,251,900
16	Total private revenues.....		55,585,600
17	Tobacco settlement revenue.....		113,346,500
18	Total other state restricted revenues.....		227,850,000
19	State general fund/general purpose.....	\$	2,729,424,900
20	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
21	Full-time equated unclassified positions.....	6.0	
22	Full-time equated classified positions.....	514.7	
23	Director and other unclassified--6.0 FTE positions...	\$	581,600
24	Community health advisory council.....		29,000
25	Departmental administration and management--491.7 FTE		
26	positions.....		56,197,200

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

3

For Fiscal Year Ending
September 30, 2002

1	Certificate of need program administration--13.0 FTE	
2	positions.....	938,400
3	Worker's compensation program--1.0 FTE position.....	11,504,100
4	Rent and building occupancy.....	8,796,300
5	Developmental disabilities council and projects--9.0	
6	FTE positions.....	2,749,600
7	Rural health services.....	<u>681,600</u>
8	GROSS APPROPRIATION..... \$	81,477,800
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.....	25,184,400
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..... \$	11,050,100
24	Consumer involvement program.....	189,200
25	Gambling addiction.....	3,500,100
26	Protection and advocacy services support.....	818,400

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

4

For Fiscal Year Ending
September 30, 2002

1	Mental health initiatives for older persons.....	1,165,900
2	Community residential and support services.....	4,969,400
3	Highway safety projects.....	1,837,300
4	Federal and other special projects.....	<u>1,977,300</u>
5	GROSS APPROPRIATION.....	\$ 25,507,700
6	Federal revenues:	
7	Total federal revenues.....	5,800,000
8	Special revenue funds:	
9	Total private revenues.....	160,000
10	Total other state restricted revenues.....	3,682,300
11	State general fund/general purpose.....	\$ 15,865,400
12	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
13	PROGRAMS	
14	Full-time equated classified positions.....4.0	
15	Medicaid mental health services.....	\$ 1,223,280,200
16	Community mental health non-Medicaid services.....	320,099,800
17	Multicultural services.....	3,848,100
18	Medicaid substance abuse services.....	25,348,800
19	Respite services.....	3,318,700
20	CMHSP, purchase of state services contracts.....	170,157,500
21	Civil service charges.....	2,606,500
22	Federal mental health block grant--2.0 FTE positions.	11,546,800
23	Pilot projects in prevention for adults and	
24	children--2.0 FTE positions.....	996,400
25	State disability assistance program substance abuse	
26	services.....	6,600,100

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

5

For Fiscal Year Ending
September 30, 2002

1	Community substance abuse prevention, education and	
2	treatment programs.....	<u>83,740,500</u>
3	GROSS APPROPRIATION.....	\$ 1,851,543,400
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	778,881,500
7	Special revenue funds:	
8	Total other state restricted revenues.....	6,342,400
9	State general fund/general purpose.....	\$ 1,066,319,500
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.....	\$ 34,687,600
17	Average population.....	180.0
18	Kalamazoo psychiatric hospital-adult--397.0 FTE	
19	positions.....	29,262,500
20	Average population.....	140.0
21	Northville psychiatric hospital-adult--833.0 FTE	
22	positions.....	62,715,400
23	Average population.....	370.0
24	Walter P. Reuther psychiatric hospital-adult--456.0	
25	FTE positions.....	34,928,900
26	Average population.....	230.0

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

6

For Fiscal Year Ending
September 30, 2002

1	Hawthorn center-psychiatric hospital-children and	
2	adolescents--328.0 FTE positions.....	23,751,900
3	Average population.....118.0	
4	Mount Pleasant center-developmental	
5	disabilities--490.0 FTE positions.....	34,196,300
6	Average population.....200.0	
7	Southgate center-developmental disabilities--201.0	
8	FTE positions.....	14,630,400
9	Average population.....60.0	
10	Center for forensic psychiatry--522.0 FTE positions..	41,008,700
11	Average population.....210.0	
12	Forensic mental health services provided to the	
13	department of corrections--938.0 FTE positions.....	73,796,100
14	Revenue recapture.....	750,100
15	IDEA, federal special education.....	120,100
16	Special maintenance and equipment.....	879,100
17	Purchase of medical services for residents of hospi-	
18	tals and centers.....	1,358,300
19	Closed site, transition, and related costs--6.0 FTE	
20	positions.....	565,800
21	Severance pay.....	896,100
22	Gifts and bequests for patient living and treatment	
23	environment.....	<u>2,000,100</u>
24	GROSS APPROPRIATION..... \$	355,547,400
25	Appropriated from:	
26	Interdepartmental grant revenues:	

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

7

For Fiscal Year Ending
September 30, 2002

1	Interdepartmental grant from the department of	
2	corrections.....	73,796,000
3	Federal revenues:	
4	Total federal revenues.....	39,253,600
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..... \$	1,390,200
14	Minority health grants and contracts.....	1,089,200
15	Vital records and health statistics--72.8 FTE	
16	positions.....	<u>6,588,500</u>
17	GROSS APPROPRIATION..... \$	9,067,900
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from family independence	
21	agency.....	138,800
22	Federal revenues:	
23	Total federal revenues.....	2,835,500
24	Special revenue funds:	
25	Total other state restricted revenues.....	2,486,100
26	State general fund/general purpose..... \$	3,607,500

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

8

For Fiscal Year Ending
September 30, 2002

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.....	\$	24,399,300
5	Immunization local agreements.....		13,990,400
6	Immunization program management and field		
7	support--	7.7 FTE positions.....	1,696,900
8	Sexually transmitted disease control local agreements		2,896,800
9	Sexually transmitted disease control management and		
10	field support--	26.8 FTE positions.....	<u>2,993,100</u>
11	GROSS APPROPRIATION.....	\$	45,976,500
12	Appropriated from:		
13	Federal revenues:		
14	Total federal revenues.....		32,004,100
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>12,395,100</u>
22	GROSS APPROPRIATION.....	\$	12,395,100
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	Interdepartmental grant from environmental quality...		391,300
26	Federal revenues:		

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

9

For Fiscal Year Ending
September 30, 2002

1	Total federal revenues.....	1,892,700
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..... \$	1,772,900
9	Epidemiology administration--24.5 FTE positions.....	5,162,600
10	Tuberculosis control and recalcitrant AIDS program...	<u>498,400</u>
11	GROSS APPROPRIATION..... \$	7,433,900
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.....	4,716,400
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..... \$	100,100
24	Lead abatement program--3.0 FTE positions.....	1,945,400
25	Local health services.....	218,900
26	Local public health operations.....	41,891,700

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

10

For Fiscal Year Ending
September 30, 2002

1	Medical services cost reimbursement to local health	
2	departments.....	<u>1,500,100</u>
3	GROSS APPROPRIATION.....	\$ 45,656,200
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	3,345,800
7	Special revenue funds:	
8	Total other state restricted revenues.....	100,000
9	State general fund/general purpose.....	\$ 42,210,400
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.....	\$ 1,576,100
15	Alzheimer's information network.....	440,100
16	Cancer prevention and control program--13.6 FTE	
17	positions.....	13,905,800
18	Chronic disease prevention.....	1,767,500
19	Diabetes and kidney program--9.0 FTE positions.....	4,472,000
20	Employee wellness program grants.....	4,159,400
21	Health education, promotion, and research	
22	programs--2.9 FTE positions.....	1,433,000
23	Injury control intervention project.....	932,900
24	Michigan Parkinson's foundation.....	200,100
25	Morris Hood Wayne State University diabetes outreach.	500,100
26	Public health traffic safety coordination.....	415,100

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

11

For Fiscal Year Ending
September 30, 2002

1	School health and education programs.....	3,282,900
2	Smoking prevention program--6.2 FTE positions.....	5,537,000
3	Tobacco tax collection and enforcement.....	810,100
4	Violence prevention--2.0 FTE positions.....	<u>3,456,900</u>
5	GROSS APPROPRIATION.....	\$ 42,889,000
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	13,569,800
9	Special revenue funds:	
10	Total other state restricted revenues.....	24,025,600
11	State general fund/general purpose.....	\$ 5,293,600
12	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
13	Full-time equated classified positions.....88.8	
14	Adolescent health care services.....	\$ 3,742,400
15	Childhood lead program--5.0 FTE positions.....	1,408,300
16	Children's waiver home care program.....	24,561,300
17	Community living, children, and families	
18	administration--73.3 FTE positions.....	7,776,800
19	Dental programs.....	510,500
20	Dental program for persons with developmental	
21	disabilities.....	151,100
22	Early childhood collaborative secondary prevention...	750,100
23	Family planning local agreements.....	8,556,000
24	Family support subsidy.....	14,563,600
25	Housing and support services--1.0 FTE position.....	5,033,000
26	Local MCH services.....	9,050,300

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

12

For Fiscal Year Ending
September 30, 2002

1	Medicaid outreach and service delivery support.....	8,488,700
2	Migrant health care.....	166,200
3	Newborn screening follow-up and treatment services...	2,428,100
4	Omnibus budget reconciliation act implementation--9.0	
5	FTE positions.....	12,769,500
6	Pediatric AIDS prevention and control.....	1,026,400
7	Pregnancy prevention program.....	6,346,200
8	Prenatal care outreach and service delivery support..	4,299,400
9	Southwest community partnership.....	1,547,400
10	Special projects--0.5 FTE position.....	4,609,000
11	Sudden infant death syndrome program.....	<u>321,400</u>
12	GROSS APPROPRIATION.....	\$ 118,105,700
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues.....	73,290,100
16	Special revenue funds:	
17	Private funds.....	261,100
18	Total other state restricted revenues.....	8,114,100
19	State general fund/general purpose.....	\$ 36,440,400
20	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
21	PROGRAMS	
22	Full-time equated classified positions.....42.0	
23	Women, infants, and children program administration	
24	and special projects--42.0 FTE positions.....	\$ 5,206,400
25	Women, infants, and children program local agreements	
26	and food costs.....	<u>164,311,100</u>

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

13

For Fiscal Year Ending
September 30, 2002

1	GROSS APPROPRIATION.....	\$	169,517,500
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		121,741,600
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.....	\$	5,365,300
12	Amputee program.....		184,700
13	Bequests for care and services.....		1,579,700
14	Case management services.....		3,923,600
15	Conveyor contract.....		682,700
16	Medical care and treatment.....		<u>126,763,300</u>
17	GROSS APPROPRIATION.....	\$	138,499,300
18	Appropriated from:		
19	Federal revenues:		
20	Total federal revenues.....		67,849,700
21	Special revenue funds:		
22	Private-bequests.....		750,000
23	Total other state restricted revenues.....		650,000
24	State general fund/general purpose.....	\$	69,249,600
25	Sec. 115. OFFICE OF DRUG CONTROL POLICY		
26	Full-time equated classified positions.....17.0		

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

14

For Fiscal Year Ending
September 30, 2002

1	Drug control policy--17.0 FTE positions.....	\$	1,964,900
2	Anti-drug abuse grants.....		<u>28,659,300</u>
3	GROSS APPROPRIATION.....	\$	30,624,200
4	Appropriated from:		
5	Federal revenues:		
6	Total federal revenues.....		30,238,200
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....	\$	1,162,800
11	Justice assistance grants.....		15,000,100
12	Crime victim rights services grants.....		<u>8,405,400</u>
13	GROSS APPROPRIATION.....	\$	24,568,300
14	Appropriated from:		
15	Federal revenues:		
16	Total federal revenues.....		15,841,700
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).....	\$	10,600
23	Long-term care advisor--3.0 FTE positions.....		3,046,100
24	Office of services to aging administration--37.5 FTE		
25	positions.....		4,262,900
26	Community services.....		32,778,500

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

15

For Fiscal Year Ending
September 30, 2002

1	Nutrition services.....	36,861,100
2	Senior volunteer services.....	6,000,100
3	Senior citizen centers staffing and equipment.....	2,140,800
4	Employment assistance.....	2,770,100
5	Respite care program.....	7,100,100
6	Senior Olympics.....	<u>100,100</u>
7	GROSS APPROPRIATION..... \$	95,070,400
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	46,367,600
11	Special revenue funds:	
12	Total private revenues.....	125,000
13	Tobacco settlement revenue.....	8,046,100
14	Total other state restricted revenues.....	3,700,000
15	State general fund/general purpose..... \$	36,831,700
16	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
17	Full-time equated classified positions.....337.5	
18	Medical services administration--335.7 FTE positions. \$	47,100,600
19	Data processing contractual services.....	200
20	Facility inspection contract - state police.....	132,900
21	MIChild administration.....	3,327,900
22	Michigan essential health care provider.....	1,229,200
23	Palliative and hospice care.....	516,300
24	Primary care services--1.8 FTE positions.....	<u>3,802,500</u>
25	GROSS APPROPRIATION..... \$	56,109,600
26	Appropriated from:	

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

16

For Fiscal Year Ending
September 30, 2002

1	Federal revenues:	
2	Total federal revenues.....	35,191,800
3	Special revenue funds:	
4	Total private revenues.....	40,000
5	Total other state restricted revenues.....	500,000
6	State general fund/general purpose..... \$	20,377,800
7	Sec. 119. MEDICAL SERVICES	
8	Hospital services and therapy..... \$	745,317,400
9	Hospital disproportionate share payments.....	45,000,100
10	Physician services.....	151,092,200
11	Medicare premium payments.....	137,574,100
12	Pharmaceutical services.....	560,156,000
13	Home health services.....	24,633,100
14	Transportation.....	6,702,600
15	Auxiliary medical services.....	77,315,800
16	Ambulance services.....	5,000,000
17	Long-term care services.....	1,220,778,100
18	Elder prescription insurance coverage.....	50,000,800
19	Health maintenance organizations.....	1,240,586,900
20	MIChild outreach.....	3,327,900
21	MIChild program.....	57,067,200
22	Personal care services.....	30,329,500
23	Maternal and child health.....	9,234,600
24	Adult home help.....	158,781,500
25	Social services to the physically disabled.....	1,345,000
26	Subtotal basic medical services program.....	4,524,242,800

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

17

For Fiscal Year Ending
September 30, 2002

1	Wayne County medical program.....	44,012,900
2	School-based services.....	65,094,300
3	State and local medical programs.....	80,900,000
4	Special adjutor payments.....	994,057,100
5	Subtotal special medical services payments.....	<u>1,184,064,300</u>
6	GROSS APPROPRIATION..... \$	5,708,307,100
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues.....	3,242,603,800
10	Special revenue funds:	
11	Total local revenues.....	875,923,400
12	Total private revenues.....	3,512,700
13	Tobacco settlement revenue.....	105,300,400
14	Total other state restricted revenues.....	144,706,100
15	State general fund/general purpose..... \$	1,336,260,700
16	Sec. 120. BUDGETARY SAVINGS	
17	Budgetary savings..... \$	<u>(13,722,400)</u>
18	GROSS APPROPRIATION..... \$	(13,722,400)
19	Appropriated from:	
20	State general fund/general purpose..... \$	(13,722,400)

21

22

23 PART 2

24 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2001-2002

25 GENERAL SECTIONS

26 Sec. 201. Pursuant to section 30 of article IX of the state
27 constitution of 1963, total state spending from state resources under

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

18

1 part 1 for fiscal year 2001-2002 is \$3,070,621,400.00 and state spending
2 from state resources to be paid to local units of government for fiscal
3 year 2001-2002 is \$1,014,930,800.00. The itemized statement below iden-
4 tifies appropriations from which spending to units of local government
5 will occur:

6 DEPARTMENT OF COMMUNITY HEALTH

7 DEPARTMENTWIDE ADMINISTRATION

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

9 Rural health services..... 35,000

10 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

11 AND SPECIAL PROJECTS

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

13 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

14 PROGRAMS

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

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

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

21 Medicaid mental health services..... 533,839,600

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

23 Multicultural services..... 3,848,000

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

25 Respite services..... 3,318,600

26 INFECTIOUS DISEASE CONTROL

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

19

1	AIDS prevention, testing and care programs.....	1,466,800
2	Immunization local agreements.....	2,973,900
3	Sexually transmitted disease control local agreements	452,900
4	LOCAL HEALTH ADMINISTRATION AND GRANTS	
5	Local public health operations.....	41,891,600
6	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
7	PROMOTION	
8	Cancer prevention and control program.....	722,400
9	Diabetes and kidney program.....	909,000
10	Employee wellness program grants.....	2,321,100
11	School health and education programs.....	1,664,000
12	Smoking prevention program.....	1,380,800
13	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
14	Adolescent health care services.....	1,361,600
15	Childhood lead program.....	85,000
16	Family planning local agreements.....	1,463,400
17	Local MCH services.....	246,100
18	Omnibus budget reconciliation act implementation.....	2,152,700
19	Pregnancy prevention program.....	3,169,600
20	Prenatal care outreach and service delivery support..	1,235,000
21	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
22	Case management services.....	3,319,900
23	MEDICAL SERVICES	
24	Transportation.....	866,200
25	OFFICE OF SERVICES TO THE AGING	
26	Community services.....	13,292,900

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254 20

1	Nutrition services.....	12,848,500
2	Senior volunteer services.....	841,400
3	CRIME VICTIM SERVICES COMMISSION	
4	Crime victim rights services grants.....	<u>5,051,300</u>
5	TOTAL OF PAYMENTS TO LOCAL UNITS	
6	OF GOVERNMENT.....	\$ 1,014,930,800

7 Sec. 202. (1) The appropriations authorized under this act are
8 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
9 18.1594.

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

12 Sec. 203. As used in this act:

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

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

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

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

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

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

21

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.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

22

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

23

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

24

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

25

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.....		35,174,000
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 2002-2003 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.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

26

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.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

27

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

28

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254 as amended May 30, 2001

29

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.

Sec. 224. (1) If there is an increase in the \$9,270,300,000.00 estimate of fiscal year 2001-2002 state general fund/general purpose revenue from the May 2001 consensus revenue estimating conference to the January 2002 consensus revenue estimating conference, the increase in fiscal year 2001-2002 revenue, up to the amount of difference between the general fund/general purpose funding level contained in the original governor's recommendation for the fiscal year 2001-2002 department of community health budget appropriation bill and the amount of general fund/general purpose funding contained in that bill as enacted, shall be appropriated to the department of community health.

(2) The amount appropriated for the department of community health pursuant to subsection (1) shall be used to restore services that may have been cut or reduced as a result of the reduction in general fund/general purpose funding for the fiscal year 2001-2002 department of community health budget due to the estimated amount of general fund/general purpose revenue available for fiscal year 2001-2002 and to increase payment rates for Medicaid and other providers of direct services to the department, allocated as a fixed percentage based on the amount of funds available, but not to exceed 2%.

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.

HB 4254, As Passed Senate, May 31, 2001

H01038'01 (S-1)
House Bill No. 4254

30

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.

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

31

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.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

32

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

33

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) A breakdown of clients served, by diagnosis. As used in this
11 subdivision, "diagnosis" means a recipient's primary diagnosis, stated as
12 a specifically named mental illness, emotional disorder, or developmental
13 disability corresponding to terminology employed in the latest edition of
14 the American psychiatric association's diagnostic and statistical
15 manual.

16 (c) Per capita expenditures by client population group.

17 (d) Financial information which, minimally, shall include a descrip-
18 tion of funding authorized; expenditures by client group and fund source;
19 and cost information by service category, including administration.
20 Service category shall include all department approved services.

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

25 (f) Information about access to community mental health services
26 programs which shall include but not be limited to both of the
27 following:

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

34

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

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

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

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

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

10 (h) An analysis of information provided by CMHSPs in response to the
11 needs assessment requirements of the mental health code, including infor-
12 mation about the number of persons in the service delivery system who
13 have requested and are clinically appropriate for different services.

14 (i) An estimate of the number of FTEs employed by the CMHSPs or con-
15 tracted with directly by the CMHSPs as of September 30, 2001 and an esti-
16 mate of the number of FTEs employed through contracts with provider
17 organizations as of September 30, 2001.

18 (j) Lapses and carryforwards during fiscal year 2000-2001 for
19 CMHSPs.

20 (k) Contracts for mental health services entered into by CMHSPs with
21 providers, including amount and rates, organized by type of service
22 provided.

23 (l) Information on the community mental health Medicaid managed care
24 program, including, but not limited to, both of the following:

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

35

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

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

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

7 Sec. 405. It is the intent of the legislature that the employee
8 wage pass-through funded to the CMHSPs for direct care workers in local
9 residential settings and for paraprofessional and other nonprofessional
10 direct care workers in day programs, supported employment, and other
11 vocational programs shall continue to be paid to direct care workers.

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

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

25 Sec. 407. (1) The amount appropriated in part 1 for substance abuse
26 prevention, education, and treatment grants shall be expended for
27 contracting with coordinating agencies or designated service providers.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

36

1 It is the intent of the legislature that the coordinating agencies and
2 designated service providers work with the CMHSPs to coordinate the care
3 and services provided to individuals with both mental illness and sub-
4 stance abuse diagnoses.

5 (2) The department shall establish a fee schedule for providing sub-
6 stance abuse services and charge participants in accordance with their
7 ability to pay. Any changes in the fee schedule shall be developed by
8 the department with input from substance abuse coordinating agencies.

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

14 (a) Expenditures stratified by coordinating agency, by central diag-
15 nosis and referral agency, by fund source, by subcontractor, by popula-
16 tion served, and by service type. Additionally, data on administrative
17 expenditures by coordinating agency and by subcontractor shall be
18 reported.

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

21 (c) Number of services provided by central diagnosis and referral
22 agency, by subcontractor, and by service type. Additionally, data on
23 length of stay, referral source, and participation in other state
24 programs.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

37

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

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

7 Sec. 410. The department shall assure that substance abuse treat-
8 ment is provided to applicants and recipients of public assistance
9 through the family independence agency who are required to obtain sub-
10 stance abuse treatment as a condition of eligibility for public
11 assistance.

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

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

26 Sec. 412. The department shall contract directly with the Salvation
27 Army harbor light program and Salvation Army turning point of west

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

38

1 Michigan to provide non-Medicaid substance abuse services. These
2 contracts shall include the full payment of these programs' administra-
3 tive cost, estimated at 15%.

4 Sec. 413. No later than October 1, 2001, the department shall
5 report to the house of representatives and senate appropriations subcom-
6 mittees on community health and the house and senate fiscal agencies on
7 the methodology utilized and the adjustments made in recalculating the
8 capitation rates payable to CMHSPs and other managing entities under the
9 federal waiver for Michigan managed speciality services and supports
10 program.

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

23 Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceuti-
24 cal services, community mental health boards shall not be held liable for
25 the cost of prescribed psychotropic medications during fiscal year
26 2001-2002.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

39

1 (2) In calculating the available amount of lapses for use in
2 offsetting overexpenditures resulting from the implementation of this
3 section, those lapses credited to community mental health line items
4 shall only include appropriation lapses in excess of the amount calcu-
5 lated for the 5% carryforward defined in state statute.

6 (3) The department shall provide quarterly reports to the senate and
7 house of representatives appropriations subcommittees on community
8 health, their respective fiscal agencies, and community mental health
9 boards that include data on psychotropic medications regarding the type,
10 number, cost and prescribing patterns of Medicaid providers.

11 (4) Should expenditures for Medicaid mental health services and
12 Medicaid substance abuse services exceed the appropriations contemplated
13 in part 1 due to an increase in the number or mix of Medicaid eligibles,
14 the department shall recommend the transfer of appropriation lapses or
15 supplemental funding as may be necessary to offset those expenditures.

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

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

25 (3) The pilot projects described in this section shall be completely
26 voluntary and be based on projects proposed by the community mental
27 health boards. Each proposed pilot project shall be consistent with the

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

40

1 scope, duration, risks, and inducements contained in the plan for
2 competitive procurement that the department submits to the health care
3 financing administration as part of the renewal request for the
4 section 1915(b) managed specialty services waiver.

5 (4) As an additional incentive for community mental health boards to
6 engage in the pilot projects described in this section, the department
7 shall allow any regional partnership formed under this section to retain
8 100% of any net lapses generated by the regional partnership.

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

14 Sec. 418. On or before the tenth of each month, the department
15 shall report to the senate and house of representatives appropriations
16 subcommittees on community health, the senate and house fiscal agencies,
17 and the state budget director on the amount of funding paid to the CMHSPs
18 to support the Medicaid managed mental health care program in that
19 month. The information shall include the total paid to each CMHSP, per
20 capita rate paid for each eligibility group for each CMHSP, and number of
21 cases in each eligibility group for each CMHSP, and year-to-date summary
22 of eligibles and expenditures for the Medicaid managed mental health care
23 program.

24 Sec. 419. From the funds appropriated in part 1 for Medicaid sub-
25 stance abuse services and community substance abuse prevention, educa-
26 tion, and treatment programs, the department and a CMHSP that contract
27 with a substance abuse coordinating agency shall include a provision in

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

41

1 the contract that allows the agency to carry forward up to 5% of its
2 revenue.

3 Sec. 421. Of the TANF funds appropriated in part 1 for community
4 substance abuse prevention, education, and treatment programs,
5 \$700,000.00 shall be allocated to provide treatment services for sub-
6 stance abusing nonviolent offenders identified by the drug courts admin-
7 istered by the state court administrative office as described in section
8 322 of 2000 PA 264 and \$300,000.00 shall be allocated to the Phoenix
9 house program.

10 Sec. 422. (1) It is the intent of the legislature that the depart-
11 ment may implement pilot projects by CMHSPs to control and manage psycho-
12 tropic drug costs associated with the managed specialty services and sup-
13 ports program.

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

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

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

23 Sec. 423. The department shall work cooperatively with the family
24 independence agency and the departments of corrections, education, state
25 police, and military and veterans affairs to coordinate and improve the
26 delivery of substance abuse prevention, education, and treatment programs
27 within existing appropriations. The department shall report by March 15,

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

42

1 2002 on the outcomes of this cooperative effort to the house of
2 representatives and senate appropriations subcommittees on community
3 health, the house and senate fiscal agencies, and the state budget
4 director.

5 Sec. 424. Each community mental health services program that con-
6 tracts with the department to provide services to the Medicaid population
7 shall adhere to the following timely claims processing and payment proce-
8 dure for claims submitted by health professionals and facilities:

9 (a) A "clean claim" as described in 2000 PA 187 must be paid within
10 45 days after receipt of the claim by the community mental health serv-
11 ices program. A clean claim that is not paid within this time frame
12 shall bear simple interest at a rate of 12% per annum.

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

43

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

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

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

10 Sec. 426. (1) By May 31, 2002, the department shall provide the
11 senate and house appropriations subcommittees on community health, the
12 senate and house fiscal agencies, and the state budget director with a
13 report on mental health services to minors assigned or referred by the
14 courts for fiscal year 2000-2001.

15 (2) The report described in subsection (1) shall contain information
16 for each CMHSP and a statewide summary, each of which shall contain at
17 least the following information:

18 (a) The number of minors evaluated as a result of court assignment
19 or referral.

20 (b) The number of minors receiving treatment after the court assign-
21 ment or referral.

22 (c) A breakdown of minors receiving treatment, by the following
23 categories:

24 (i) Age.

25 (ii) Primary diagnosis, stated as a specifically named condition
26 corresponding to the terminology employed in the latest version of the

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

44

1 diagnostic and statistical manual of the American psychiatric
2 association.

3 (iii) Whether or not the score on the child and adolescent func-
4 tional assessment scale (CAFAS) indicated marked or severe functional
5 impairment, as defined in attachment 4.5.4.1 of the department's October
6 1998 contract with CMHSPs.

7 (iv) Who either did or did not have a CAFAS score indicating marked
8 or severe functional impairment, respectively separate breakdowns of the
9 following:

10 (A) Average length of stay in CMHSP treatment.

11 (B) Unduplicated count of the number receiving residential service
12 and average length of stay in residential service.

13 (C) Number of recipients served under each categorical children's
14 service heading maintained by the department and CMHSPs for standard
15 reporting purposes.

16 Sec. 427. (1) Unless required by federal law, the department shall
17 not enact any changes to the policy governing capitation payments to
18 CMHSPs for Medicaid retroactive eligibles that is in effect on June 1,
19 2001.

20 (2) In the event that the federal government mandates that the
21 department make any changes in eligibility or payment rates for CMHSP
22 Medicaid capitation payments, the department shall inform the members of
23 the senate and house of representatives appropriations subcommittees on
24 community health, the senate and house fiscal agencies, and the state
25 budget director within 2 weeks of the estimated change in CMH Medicaid
26 expenditures due to the federally mandated policy change.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

45

1 (3) The department may not alter CMH Medicaid capitation rates in
2 order to offset any increases in costs due to increases in Medicaid
3 caseload or case mixture.

4 Sec. 428. Except as otherwise specifically provided in this bill,
5 the department shall apply the 2% capitation rate increase for Medicaid
6 mental health services and Medicaid substance abuse services funded in
7 this act as an across-the-board increase to the actual capitation or
8 reimbursement rates paid by the department to providers. The department
9 may not use any of the increases under this section to create a funding
10 pool to be distributed in lieu of providing a 2% across-the-board
11 increase.

12 Sec. 429. The department shall consider the availability of out-
13 reach programs for homeless mentally ill individuals in scoring the
14 requests for proposal for Medicaid mental health and substance abuse
15 services.

16 Sec. 430. From the funds appropriated in part 1 for community
17 mental health non-Medicaid services, CMHSPs that contract with local pro-
18 viders of mental health services and services for persons with develop-
19 mental disabilities, under a capitated reimbursement system, shall
20 include a provision in the contract that allows the providers to carry
21 forward up to 5% of unobligated capitation payments.

22 Sec. 431. From the funds appropriated in part 1 for Medicaid mental
23 health services, CMHSPs that contract with local providers of mental
24 health services and services for persons with developmental disabilities,
25 under a capitated reimbursement system, shall include a provision in the
26 contract that allows the providers to carry forward up to 5% of
27 unobligated capitation payments.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254 as amended May 30, 2001

46

1 Sec. 432. It is the intent of the legislature that all community
2 mental health services programs establish regular ongoing discussions
3 with local providers of mental health services, substance abuse services,
4 and services to persons with developmental disabilities in preparation
5 for competitive procurement of these services as described in the plan
6 approved by the health care financing administration. These discussions
7 shall include representatives of the county or counties included in the
8 service area of the community mental health services program and should
9 take into account maintaining continuity of care for patients and service
10 recipients in the transition to competitive procurement of services

 Sec. 433. The department shall apply for a "System of Change"
grant from the health care financing administration. This grant is
intended to support self-determination initiatives, including a
consumer cooperative proposal, for persons with developmental
disabilities and persons with mental illness.

11 STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH **12 DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON** **13 MENTAL HEALTH SERVICES**

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

47

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

12 Sec. 603. The funds appropriated in part 1 for forensic mental
13 health services provided to the department of corrections are in accord-
14 ance with the interdepartmental plan developed in cooperation with the
15 department of corrections. The department is authorized to receive and
16 expend funds from the department of corrections in addition to the appro-
17 priations in part 1 to fulfill the obligations outlined in the interde-
18 partmental agreements.

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

21 (a) The number of days of care purchased from state hospitals and
22 centers.

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

48

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

2 (2) The department shall semiannually report the information in
3 subsection (1) to the house of representatives and senate appropriations
4 subcommittees on community health, the house and senate fiscal agencies,
5 and the state budget director.

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

49

1 PUBLIC HEALTH ADMINISTRATION

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

8 INFECTIOUS DISEASE CONTROL

9 Sec. 801. In the expenditure of funds appropriated in part 1 for
10 AIDS programs, the department and its subcontractors shall ensure that
11 adolescents receive priority for prevention, education, and outreach
12 services.

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

50

1 EPIDEMIOLOGY

2 Sec. 851. From the funds appropriated in part 1 for epidemiology
3 administration, no less than \$300,000.00 shall be allocated for an asthma
4 intervention program, including surveillance, community based programs,
5 and awareness and education. The department shall seek federal funds as
6 they are made available for asthma programs.

7 LOCAL HEALTH ADMINISTRATION AND GRANTS

8 Sec. 901. The amount appropriated in part 1 for implementation of
9 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
10 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
11 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
12 health departments for costs incurred related to implementation of sec-
13 tion 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

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

22 Sec. 903. The department shall provide a report semiannually to the
23 house of representatives and senate appropriations subcommittees on com-
24 munity health, the senate and house fiscal agencies, and the state budget
25 director on the expenditures and activities undertaken by the lead

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

51

1 abatement program. The report shall include, but is not limited to, a
2 funding allocation schedule, expenditures by category of expenditure and
3 by subcontractor, revenues received, description of program elements, and
4 description of program accomplishments and progress.

5 Sec. 904. (1) Funds appropriated in part 1 for local public health
6 operations shall be prospectively allocated to local health departments
7 to support immunizations, infectious disease control, sexually transmit-
8 ted disease control and prevention, hearing screening, vision services,
9 food protection, public water supply, private groundwater supply, and
10 on-site sewage management. Food protection shall be provided in consul-
11 tation with the Michigan department of agriculture. Public water supply,
12 private groundwater supply, and on-site sewage management shall be pro-
13 vided in consultation with the Michigan department of environmental
14 quality.

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

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

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

26 Sec. 905. (1) From the funds appropriated in section 110 for local
27 health services, not less than \$76,500.00 shall be allocated for the

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

52

1 purpose of continuing education training for local public health staff in
2 the areas of health services delivery under the public health code, 1978
3 PA 368, MCL 333.1101 to 333.25211, including personal, environmental, and
4 behavioral health issues.

5 (2) In the event that any or all of these training activities are
6 found to be eligible for federal Medicaid administrative match, the
7 department shall supplement these activities with federal contingency
8 funds appropriated in section 206(1).

9 CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH

10 PROMOTION

11 Sec. 1001. From the state funds appropriated in part 1, the depart-
12 ment shall allocate funds to promote awareness, education, and early
13 detection of breast, cervical, prostate, and colorectal cancer, and pro-
14 vide for other health promotion media activities. The department shall
15 allocate \$150,000.00 under this section for colorectal cancer awareness,
16 education, and early detection.

17 Sec. 1002. (1) The amount appropriated in part 1 for school health
18 and education programs shall be allocated in fiscal year 2001-2002 to
19 provide grants to or contract with certain districts and intermediate
20 districts for the provision of a school health education curriculum.
21 Provision of the curriculum, such as the Michigan model or another com-
22 prehensive school health education curriculum, shall be in accordance
23 with the health education goals established by the Michigan model for the
24 comprehensive school health education state steering committee. The

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

53

1 state steering committee shall be comprised of a representative from each
2 of the following offices and departments:

3 (a) The department of education.

4 (b) The department of community health.

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

6 (d) The office of substance abuse services in the department of com-
7 munity health.

8 (e) The family independence agency.

9 (f) The department of state police.

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

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

24 Sec. 1006. In spending the funds appropriated in part 1 for the
25 smoking prevention program, priority shall be given to prevention and
26 smoking cessation programs for pregnant women, women with young children,
27 and adolescents.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

54

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

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

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

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

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

12 Sec. 1008. From the amount appropriated in part 1 for the cancer
13 prevention and control program, \$3,000,000.00 shall be allocated to the
14 Karmanos cancer institute/Wayne State University, to the University of
15 Michigan comprehensive cancer center, and to Michigan State University
16 for cancer and cancer prevention services and activities, consistent with
17 the current priorities of the Michigan cancer consortium.

18 Sec. 1009. From the funds appropriated in part 1 for the diabetes
19 and kidney program, a portion of the funds may be allocated to the
20 national kidney foundation of Michigan for kidney disease prevention pro-
21 gramming including early identification and education programs and kidney
22 disease prevention demonstration projects.

23 Sec. 1010. Of the funds appropriated in part 1 for the health edu-
24 cation, promotion, and research programs, the department shall allocate
25 no less than \$400,000.00 to implement the osteoporosis prevention and
26 treatment education program targeting women and school health education.
27 As part of the program, the department shall design and implement

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

55

1 strategies for raising public awareness on the causes and nature of
2 osteoporosis, personal risk factors, value of prevention and early detec-
3 tion, and options for diagnosing and treating osteoporosis.

4 Sec. 1011. (1) From the funds appropriated in part 1 for the diabe-
5 tes and kidney program, \$420,000.00 shall be allocated for improving the
6 health of African-American men in Michigan. The funds shall be used for
7 screening and patient self-care activities for diabetes, hypertension,
8 stroke, and glaucoma and other eye diseases.

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

56

1 Sec. 1020. From the funds appropriated in part 1 for chronic
2 disease prevention, \$100,000.00 shall be allocated for a childhood and
3 adult arthritis program.

4 Sec. 1021. From the funds appropriated in part 1 for health educa-
5 tion, promotion, and research programs, \$100,000.00 shall be granted to
6 the greater Detroit area health council's African-American health insti-
7 tute for the African-American health conference.

8 COMMUNITY LIVING, CHILDREN, AND FAMILIES

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

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

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

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

24 (ii) Demographic information of populations served including sex,
25 age, and race. Reporting and presentation of demographic data by age

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

57

1 shall include the range of ages of 0-17 years and the range of ages of
2 18-23 years.

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

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

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

58

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

6 Sec. 1103. Of the funds allocated for adolescent health care serv-
7 ices that are appropriated in part 1 for adolescent and child health care
8 services, each teen center, including alternative models, shall receive
9 funding based upon a formula that includes a base amount equal to the
10 amount received by each center in fiscal year 2000-2001, with the remain-
11 ing funds allocated for teen health centers to be distributed based upon
12 the number of users, visits, and services provided.

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

20 (a) Funding allocations.

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

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

25 Sec. 1105. For all programs for which an appropriation is made in
26 part 1, the department shall contract with those local agencies best able
27 to serve clients. Factors to be used by the department in evaluating

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

59

1 agencies under this section shall include ability to serve high-risk
2 population groups; ability to serve low-income clients, where applicable;
3 availability of, and access to, service sites; management efficiency; and
4 ability to meet federal standards, when applicable.

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

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

16 (a) Teaches the gains to be realized by abstaining from sexual
17 activity.

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

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

23 (d) Teaches that a monogamous relationship in the context of mar-
24 riage is the expected standard of human sexual activity.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

60

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

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

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

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

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

15 Sec. 1107. Of the amount appropriated in part 1 for prenatal care
16 outreach and service delivery support, not more than 10% shall be
17 expended for local administration, data processing, and evaluation.

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

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

26 (2) Not later than November 1, 2001, the department shall make
27 available upon request a report to the senate or house of representatives

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

61

1 appropriations subcommittee on community health or the senate or house of
2 representatives standing committee on health policy the number of indi-
3 vidual patients treated, number of procedures performed, and approximate
4 total market value of those procedures through September 30, 2001.

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

10 Sec. 1111. The department shall allocate no less than 87% of the
11 funds appropriated in part 1 for family planning local agreements and the
12 pregnancy prevention program for the direct provision of family
13 planning/pregnancy prevention services.

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

17 Sec. 1113. From the funds appropriated in part 1 for special
18 projects, the department shall allocate \$200,000.00 to provide education
19 and outreach to targeted populations on the dangers of drug use during
20 pregnancy, neonatal addiction, and fetal alcohol syndrome and further
21 develop its infant support services to target families with infants with
22 fetal alcohol syndrome or suffering from drug addiction.

23 Sec. 1116. The department shall give priority in the awarding of
24 contracts for the funds appropriated in part 1 for the pregnancy preven-
25 tion program to organizations that provide pregnancy prevention services
26 as their primary function and to local health departments.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

62

1 Sec. 1120. The department shall allocate \$8,488,700.00 to local
2 public health departments for the purpose of providing EPSDT, maternal
3 and infant support services outreach, and other Medicaid outreach and
4 support services.

5 Sec. 1121. From the funds appropriated in part 1 for special
6 projects, \$249,900.00 shall be allocated for the continuation of
7 children's respite services that were funded in fiscal year 2000-2001.

8 Sec. 1122. The department may convene an infant mortality summit to
9 focus on the reduction of the disparities in the minority and nonminority
10 infant mortality rates in Michigan, as well as the disparities in the
11 rate between Michigan communities. The summit shall focus on local and
12 national practices that have proven to be effective at accomplishing
13 these reductions. The summit shall also advise the department in priori-
14 tizing its efforts in reviewing its Medicaid, public health, and related
15 programs to determine how to improve these systems and cooperation among
16 the organizations, both state and local, to make them more effective.
17 The summit shall consist of 2 members of the house of representatives, 2
18 members of the senate, and at least 1 representative from each of the
19 following organizations: the Michigan council for maternal and child
20 health, Michigan state medical society, Michigan nurses association,
21 march of dimes, Michigan State University, Michigan SIDS alliance,
22 Michigan association for local public health, Michigan association of
23 health plans, and Michigan health and hospital association. Senate mem-
24 bers shall be appointed by the senate majority leader. House members
25 shall be appointed by the speaker of the house of representatives. There
26 shall be equal representation of republican and democratic legislative
27 members of the summit. The department shall report the summit findings

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

63

1 to the house and senate appropriations committees no later than March 1,
2 2002.

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

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

13 Sec. 1126. In implementing the early childhood collaborative sec-
14 ondary prevention program, the department shall work cooperatively with
15 the department of education and the family independence agency to address
16 issues and coordinate activities for community-based collaborative pre-
17 vention services. The department shall report every 6 months on the out-
18 comes of this collaborative effort to the senate and house of representa-
19 tives appropriations subcommittees on community health and the senate and
20 house fiscal agencies.

21 WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

22 Sec. 1150. In administering the federal summer food service program
23 for children, the department may work to effectively utilize when possi-
24 ble resources and infrastructure that are in place for existing food

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

64

1 programs administered by the department and other state agencies
2 including the department of education.

3 Sec. 1151. The department may work with local participating agen-
4 cies to define local annual contributions for the farmer's market nutri-
5 tion program, project FRESH, to enable the department to request federal
6 matching funds by April 1, 2002 based on local commitment of funds.

7 CHILDREN'S SPECIAL HEALTH CARE SERVICES

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

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

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

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

65

1 CRIME VICTIM SERVICES COMMISSION

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

4 Sec. 1302. From the funds appropriated in part 1 for justice
5 assistance grants, up to \$200,000.00 shall be allocated for expansion of
6 forensic nurse examiner programs to facilitate training for improved evi-
7 dence collection for the prosecution of sexual assault. The funds shall
8 be used for program coordination, training, and counseling.

9 Sec. 1303. (1) From the funds appropriated in part 1 for the crime
10 victim rights services grants and the justice assistance grants line
11 items, victims of criminal sexual assault, as provided in section 5a of
12 the crime victims services act, 1976 PA 223, MCL 18.355a, shall be eligi-
13 ble to obtain reimbursement for the costs of any medically necessary
14 services that may be needed for the collection of evidence used to iden-
15 tify, apprehend, and prosecute the offender or offenders.

16 (2) This section does not apply unless Senate Bill No. _____ or
17 House Bill No. _____ (request no. 02717'01 a) of the 91st Legislature is
18 enacted into law.

19 OFFICE OF SERVICES TO THE AGING

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

66

1 Sec. 1403. The office of services to the aging shall require each
2 region to report to the office of services to the aging home delivered
3 meals waiting lists based upon standard criteria. Determining criteria
4 shall include all of the following:

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

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

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

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

11 Sec. 1404. The office of services to the aging may receive and
12 expend fees for the provision of day care, care management, and respite
13 care. The office of services to the aging shall base the fees on a slid-
14 ing scale taking into consideration the client income. The office of
15 services to the aging shall use the fees to expand services.

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

18 Sec. 1406. The appropriation of \$5,000,100.00 of tobacco settlement
19 funds to the office of services to the aging for the respite care program
20 shall be allocated in accordance with a long-term care plan developed by
21 the long-term care working group established in section 1657 of 1998
22 PA 336 upon implementation of the plan. The plan shall be implemented
23 upon meeting the requirements of section 1684 of this act. The use of
24 the funds shall be for direct respite care. Not more than 10% of the
25 amount allocated under this section shall be expended for administration
26 and administrative purposes.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

67

1 Sec. 1407. The appropriation of \$3,046,100.00 of tobacco settlement
2 funds to the office of services to the aging for the long-term care
3 advisor shall be allocated in accordance with a long-term care plan
4 developed by the long-term care working group established in section 1657
5 of 1998 PA 336 upon implementation of the plan. The plan shall be imple-
6 mented upon meeting the requirements of section 1684 of this act.

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

10 Sec. 1413. The legislature affirms the commitment to locally based
11 services. The legislature supports the role of local county board of
12 commissioners in the approval of area agency on aging plans. The legis-
13 lature supports choice and the right of local counties to change member-
14 ship in the area agencies on aging if the change is to an area agency on
15 aging that is contiguous to that county. The legislature supports the
16 office of services to the aging working with others to provide training
17 to commissions to better understand and advocate for aging issues. It is
18 the intent of the legislature to prohibit area agencies on aging from
19 providing direct services, including home and community based waiver
20 services, unless they receive a waiver from the department. The
21 legislature's intent in this section is conditioned on compliance with
22 federal and state laws, rules, and policies.

23 Sec. 1416. The legislature affirms the commitment to provide
24 in-home services, resources, and assistance for the frail elderly who are
25 not being served by the Medicaid home and community services waiver
26 program.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

68

1 Sec. 1417. From the amounts appropriated in part 1 for the office
2 of services to the aging, funding for the state long-term care ombudsman
3 program shall be awarded to a statewide nonprofit agency with prior
4 experience in delivering long-term care ombudsman services, elder abuse
5 prevention education, complaint identification, investigation, and reso-
6 lution, and promoting cultural change in long-term care, demonstrated
7 knowledge of long-term care facility licensure and regulation, and skills
8 in long-term care policy analysis and training.

9 MEDICAL SERVICES ADMINISTRATION

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

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

17 Sec. 1503. From the amounts appropriated in part 1 for palliative
18 and hospice care, \$316,300.00 shall be allocated for education programs
19 on and promotion of palliative care, hospice, and end of life care, and
20 \$200,000.00 shall be allocated for a pilot project to assess long-term
21 feasibility of paying the cost of room and board in hospice residences
22 for low income individuals. The department shall provide a report on the
23 interim results of the hospice pilot project to the house of representa-
24 tives and senate appropriations subcommittees on community health and the
25 house and senate fiscal agencies by April 1, 2002.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

69

1 Sec. 1504. From the funds appropriated in part 1 for primary care
2 services, the department shall appropriate at least the same level of
3 financing for the Arab American and Chaldean council and ACCESS that was
4 appropriated in fiscal year 1999-2000.

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

10 Sec. 1506. From the funds appropriated in part 1 for primary care
11 services, an amount not to exceed \$3,200,000.00 is appropriated to
12 enhance the service capacity of the federally qualified health centers
13 and other health centers which are similar to federally qualified health
14 centers.

15 Sec. 1507. From the funds appropriated in part 1 for primary care
16 services, \$100,000.00 may be allocated to free health clinics operating
17 in the state. An advisory committee may be appointed by the department
18 and include not less than 4 members representing free health clinics, 1
19 member representing the Michigan state medical society, 1 member repre-
20 senting the Michigan health and hospital association, and 1 member repre-
21 senting nurse practitioners. Health clinics receiving funding under this
22 section shall register with the department by submitting a form to be
23 designed by the committee. For the purpose of this appropriation, free
24 health clinics are health care facilities that provide services without
25 charge or compensation.

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

70

1 MEDICAL SERVICES

2 Sec. 1601. The cost of remedial services incurred by residents of
3 licensed adult foster care homes and licensed homes for the aged shall be
4 used in determining financial eligibility for the medically needy.
5 Remedial services include basic self-care and rehabilitation training for
6 a resident.

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

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

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

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

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

26 Sec. 1605. (1) The protected income level for Medicaid coverage
27 determined pursuant to section 106(1)(b)(iii) of the social welfare act,

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

71

1 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance
2 standard.

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

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

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

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

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

24 (4) In the event that an applicant, presumed to be eligible pursuant
25 to subsection (1), is subsequently found to be ineligible, a Medicaid
26 physician or managed care plan that has been providing pregnancy services
27 to an applicant under this section is entitled to reimbursement for those

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

72

1 services until such time as they are notified by the department that the
2 applicant was found to be ineligible for Medicaid.

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

7 Sec. 1608. The department shall make available to health care pro-
8 viders a pamphlet identifying patient rights and responsibilities
9 described in section 20201 of the public health code, 1978 PA 368, MCL
10 333.20201.

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

73

1 (2) Notwithstanding subsection (1), medical services reimbursement
2 for hospital services provided to dual Medicare/medical services
3 recipients with Medicare Part B coverage only shall equal, when combined
4 with payments for Medicare and other third-party resources, if any, those
5 amounts established for medical services-only patients, including capital
6 payments.

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

10 (2) The workgroup shall provide a bimonthly report, beginning
11 October 1, 2001, to the senate and house of representatives appropria-
12 tions subcommittees on community health and senate and house fiscal agen-
13 cies, of the activities of the workgroup and the expected date for the
14 completion of the rebasing.

15 Sec. 1614. The department shall not rebase Medicaid fee for service
16 rates for inpatient hospital services in fiscal year 2001-2002.

17 Sec. 1620. Effective October 1, 2001, the pharmaceutical dispensing
18 fee shall be \$3.78 or the usual or customary cash charge, whichever is
19 less. If a Medicaid recipient is 21 years of age or older, the depart-
20 ment shall require a \$0.50 per prescription copayment for a generic drug
21 and a copayment of \$3.00 or less for a brand name drug for which an
22 equivalent generic drug is available, except as prohibited by federal or
23 state law or regulation.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

74

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

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

8 (c) Those pharmaceutical products related to the treatment of sexual
9 dysfunction.

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

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

26 (3) This section does not authorize or allow therapeutic
27 substitution.

H01038'01 (S-1)

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

75

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

76

1 Michigan psychiatric society, 2 representatives from the pharmaceutical
2 industry, and 2 representatives appointed by the Michigan partners for
3 patient advocacy to represent the concerns of consumer, family, advocacy,
4 and children's groups. The committee shall maintain a liaison with the
5 Medicaid drug utilization review board and shall report to the senate and
6 house of representatives appropriations subcommittees on community health
7 and the senate and house fiscal agencies not later than September 30,
8 2002.

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

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

17 Sec. 1628. The department shall conduct a study on maximizing the
18 collection of pharmaceutical rebates through the Medicaid program and
19 provide a report on the study to the senate and house of representatives
20 appropriations subcommittees on community health, the senate and house
21 fiscal agencies, and the state budget director.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

77

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

3 (2) The department shall immediately report to the senate and house
4 of representatives subcommittees on community health, the senate and
5 house fiscal agencies, and the state budget director if appropriations
6 for the EPIC program in fiscal year 2001-2002 appear to be insufficient
7 to meet EPIC program costs.

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

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

18 Sec. 1633. From the funds appropriated in part 1 for auxiliary med-
19 ical services, dental fees, including fees for adult dental services,
20 shall be increased by 2%, effective October 1, 2001.

21 Sec. 1634. From the funds appropriated in part 1 for ambulance
22 services, the department shall continue the 5% increase in payment rates
23 for ambulance services implemented in fiscal year 2000-2001 and shall
24 further increase payment rates for ambulance services by 2% in fiscal
25 year 2001-2002.

26 Sec. 1640. The department of community health shall distribute
27 \$695,000.00 to children's hospitals that have a high indigent care

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

78

1 volume. The amount to be distributed to any given hospital shall be
2 based on a formula determined by the department of community health.

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

6 Sec. 1642. The department may make separate payments directly to
7 qualifying hospitals serving a disproportionate share of indigent
8 patients, and to hospitals providing graduate medical education training
9 programs. If direct payment for GME and DSH is made to qualifying hospi-
10 tals for services to Medicaid clients, hospitals will not include GME
11 costs or DSH payments in their contracts with HMOs.

12 Sec. 1643. Of the funds appropriated in part 1 for graduate medical
13 education in the hospital services and therapy line item appropriation,
14 \$3,635,100.00 shall be allocated for the psychiatric residency training
15 program that establishes and maintains collaborative relations with the
16 schools of medicine at Michigan State University and Wayne State
17 University.

18 Sec. 1644. From the funds appropriated in part 1 for the rural
19 health initiative, \$3,850,000.00 shall be allocated as an outpatient
20 adjustor payment to be paid directly to hospitals in rural counties in
21 proportion to each hospital's Medicaid and indigent patient population.
22 One hundred fifty thousand dollars shall be allocated for free clinics in
23 rural areas as designated by the federal government or such designation
24 as may be modified by the department. These funds shall be allocated
25 consistent with the requirements of section 1507 of this act. Two mil-
26 lion dollars of the rural health initiative funds may be allocated for
27 defibrillator grants, EMT training and support, or other similar

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

79

1 programs. Four million dollars shall be allocated to defray the costs of
2 construction and operation of health care clinics on Beaver Island and
3 Mackinac Island.

4 Sec. 1645. The outpatient hospital fee adjustor totaling
5 \$16,511,000.00 shall be paid to hospitals in the following proportion:

6 (a) 60% of the amount allocated shall be paid to hospitals based on
7 the volume of outpatient services delivered through Medicaid managed care
8 plans.

9 (b) 40% of the amount allocated shall be paid to hospitals based on
10 the volume of outpatient services delivered under fee-for-service payment
11 rates.

12 Sec. 1647. From the funds appropriated in part 1 for hospital serv-
13 ices, the department shall allocate for graduate medical education not
14 less than was allocated for graduate medical education in fiscal year
15 2000-2001.

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

20 Sec. 1649. From the funds appropriated in part 1 for medical serv-
21 ices, the department shall establish, breast and cervical cancer treat-
22 ment coverage for women up to 250% of the federal poverty level, who are
23 under age 65, and who are not otherwise covered by insurance. Such cov-
24 erage shall be provided to women who have been screened through the cen-
25 ters for disease control breast and cervical cancer early detection pro-
26 gram, and are found to have breast or cervical cancer, pursuant to the

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

80

1 Breast and Cervical Cancer Prevention and Treatment Act of 2000, Public
2 Law 106-354 of the 106th Congress.

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

7 (2) Persons to be assigned a managed care provider shall be informed
8 in writing of the criteria for exceptions to capitated managed care
9 enrollment, their right to change HMOs for any reason within the initial
10 90 days of enrollment, the toll-free telephone number for problems and
11 complaints, and information regarding grievance and appeals rights.

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

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

25 (2) The department shall not amend the medical services hospice
26 manual in a manner that would allow hospice services to be provided

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

81

1 without making available all comprehensive hospice services described in
2 42 C.F.R. part 418.

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

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

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

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

82

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

4 (a) An emphasis on health outcomes.

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

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

9 (d) Evaluation of the continuity and coordination of care that
10 enrollees receive.

11 (e) Mechanisms to detect overutilization and underutilization of
12 services.

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

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

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

18 (i) Consumer involvement in the development of the quality assurance
19 program and consideration of enrollee complaints and satisfaction survey
20 results.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

83

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

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

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

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

23 (7) Medicaid HMOs shall meet other standards and requirements con-
24 tained in state laws, administrative rules, and policies promulgated by
25 the department.

26 (8) Medicaid HMOs shall develop written plans for providing
27 nonemergency medical transportation services funded through supplemental

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

84

1 payments made to the plans by the department, and shall include
2 information about transportation in their member handbook.

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

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

9 Sec. 1656. (1) The department may provide an expedited complaint
10 review procedure for Medicaid eligible persons enrolled in HMOs for situ-
11 ations in which failure to receive any health care service would result
12 in significant harm to the enrollee.

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

18 (3) Annual reports summarizing the problems and complaints reported
19 and their resolution shall be provided to the house of representatives
20 and senate appropriations subcommittees on community health, the house
21 and senate fiscal agencies, the state budget office, and the department's
22 health plans advisory council.

23 Sec. 1657. (1) Reimbursement for medical services to screen and
24 stabilize a Medicaid recipient in a hospital emergency room shall not be
25 made contingent on obtaining prior authorization from the recipient's
26 HMO. If the recipient is discharged from the emergency room, the

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

85

1 hospital shall notify the recipient's HMO within 24 hours of the
2 diagnosis and treatment received.

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

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

11 Sec. 1658. (1) The department shall not implement policy bulletin
12 MSA 01-03 or any similar bulletin related to Medicaid conditions of par-
13 ticipation for hospitals and the department shall not implement during
14 fiscal year 2001-2002 Medicaid proposed bulletins 0039-Hospital relating
15 to payments under the outpatient hospital adjustor and 0004-Hospital
16 relating to graduate medical education payments unless all references to
17 per diem payments are deleted from those policies.

18 (2) Medicaid HMOs shall have contracts with hospitals within a rea-
19 sonable distance from their enrollees. The department may waive this
20 requirement if it certifies that after good faith negotiations, no rea-
21 sonable agreement could be reached among the parties.

22 (3) Subject to subsection (4), in the absence of a contract between
23 a hospital and a Medicaid HMO, the Medicaid HMO shall reimburse the hos-
24 pital for medically necessary appropriately authorized services arranged
25 by a physician under contract with the Medicaid HMO, with admitting priv-
26 ileges at that hospital, at Medicaid fee-for-service rates. The
27 department shall reimburse the Medicaid HMO the differential between the

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

86

1 actuarially equivalent per diem rate and the actual Medicaid
2 fee-for-service payment paid to the hospital by the Medicaid HMO.

3 (4) Subsection (3) only applies to a Medicaid HMO that can certify
4 that the capitation rate that was included in its bid for inclusion in
5 the state's Medicaid managed care program was based on per diem estimates
6 for inpatient hospital services.

7 (5) To the extent that a Medicaid HMO identified in subsection (4)
8 can demonstrate that it has sustained a financial loss due to the
9 requirement that it reimburse noncontracting hospitals on a
10 fee-for-service basis rather than on a per diem basis for fiscal year
11 2001-2002, the department shall reimburse the affected Medicaid HMO from
12 available lapses in the health plan services line.

13 Sec. 1659. The following sections are the only ones that shall
14 apply to the following Medicaid managed care programs, including the com-
15 prehensive plan, children's special health care services plan, MI Choice
16 long-term care plan, and the mental health, substance abuse, and develop-
17 mentally disabled services program: 402, 404, 413, 414, 418, 1612, 1642,
18 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, and 1662.

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

23 (2) The primary responsibility of assuring a child's hearing and
24 vision screening is with the child's primary care provider. The primary
25 care provider shall provide age appropriate screening or arrange for
26 these tests through referrals to local health departments. Local health
27 departments shall provide preschool hearing and vision screening services

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

87

1 and accept referrals for these tests from physicians or from Head Start
2 programs in order to assure all preschool children have appropriate
3 access to hearing and vision screening. Local health departments shall
4 be reimbursed for the cost of providing these tests for Medicaid eligible
5 children by the Medicaid program.

6 (3) The department shall require Medicaid HMOs to provide EPSDT
7 utilization data through the encounter data system, and health employer
8 data and information set well child health measures in accordance with
9 the National Committee on Quality Assurance prescribed methodology.

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

88

1 (2) The department shall prohibit HMOs from requiring prior
2 authorization of their contracted providers for any EPSDT screening and
3 diagnosis service, for any MSS/ISS screening referral, or for up to 3
4 MSS/ISS service visits.

5 (3) The department shall assure the coordination of MSS/ISS services
6 with the WIC program, state-supported substance abuse, smoking preven-
7 tion, and violence prevention programs, the family independence agency,
8 and any other state or local program with a focus on preventing adverse
9 birth outcomes and child abuse and neglect.

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

14 (2) The department shall provide a copy of the analysis of the
15 Medicaid HMO annual audited health employer data and information set
16 reports and the annual external quality review report to the senate and
17 house of representatives appropriations subcommittees on community
18 health, the senate and house fiscal agencies, and the state budget direc-
19 tor, within 30 days of the department's receipt of the final reports from
20 the contractors.

21 (3) The department shall work with the Michigan association of
22 health plans and the Michigan association for local public health to
23 improve service delivery and coordination in the MSS/ISS and EPSDT
24 programs.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

89

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

4 (2) Local health departments shall work with interested hospitals,
5 school-based health centers, clinics, other community organizations, and
6 local family independence agency offices in their area on training and
7 coordination to distribute and facilitate the completion of MICHild and
8 healthy kids application forms for persons who are potentially eligible
9 for the program.

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

90

1 (a) "Dental care corporation", "health care corporation", "insurer",
2 and "prudent purchaser agreement" mean those terms as defined in section
3 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

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

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

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

91

1 Sec. 1674. The department shall not require copayments under the
2 MICHild program.

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

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

13 Sec. 1677. The MICHild program shall provide all benefits available
14 under the state employee insurance plan that are delivered through the
15 Medicaid HMOs and consistent with federal law, including, but not limited
16 to, the following medically necessary services:

17 (a) Inpatient mental health services, other than substance abuse
18 treatment services, including services furnished in a state-operated
19 mental hospital and residential or other 24-hour therapeutically planned
20 structured services.

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

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

92

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

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

4 (h) Emergency ambulance services.

5 Sec. 1678. The department shall explore options under the federal
6 state children's health insurance program (SCHIP), including waiver
7 requests, to extend coverage to low-income parents of MICHild eligible
8 children. The department may also explore options to increase the
9 Medicaid income disregard for parents of Medicaid or MICHild eligible
10 children who have income up to 100% of the federal poverty level. The
11 department shall issue a report that identifies the estimated number of
12 persons to be served and the projected costs for the various health care
13 coverage options considered to the house and senate appropriations sub-
14 committees on community health and the house and senate fiscal agencies
15 by March 1, 2002.

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

93

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

5 (2) The department may provide a report on the pilot project to
6 coordinate services between the home and community-based services and the
7 adult home help programs to the house and senate appropriations subcom-
8 mittees on community health and the house and senate fiscal agencies by
9 April 1, 2002.

10 Sec. 1682. (1) The department shall implement enforcement actions
11 as specified in the nursing facility enforcement provisions of section
12 1919 of title XIX, chapter 531, 49 Stat. 620, 42 U.S.C. 1396r.

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

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

20 Sec. 1683. The department shall promote activities that preserve
21 the dignity and rights of terminally ill and chronically ill
22 individuals. Priority shall be given to programs, such as hospice, that
23 focus on individual dignity and quality of care provided persons with
24 terminal illness and programs serving persons with chronic illnesses that
25 reduce the rate of suicide through the advancement of the knowledge and
26 use of improved, appropriate pain management for these persons; and

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

94

1 initiatives that train health care practitioners and faculty in managing
2 pain, providing palliative care, and suicide prevention.

3 Sec. 1684. The long-term care working group established in section
4 1657 of 1998 PA 336 shall continue to exist to review the allocation of
5 the long-term care innovations grant funding and to monitor the implemen-
6 tation of the demonstration projects being funded. The department shall
7 not implement a long-term care plan until the expiration of 24 days
8 during which at least 1 house of the legislature convenes after the
9 long-term care working group has submitted the written long-term care
10 plan to the senate majority leader, the speaker of the house, the senate
11 and house appropriations subcommittees on community health, and the state
12 budget director.

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

22 Sec. 1686. Medicaid payment rates for nursing home services that
23 take effect on or after October 1, 2001 may be based on a minimum resi-
24 dent occupancy requirement of 82%.

25 Sec. 1687. A nursing home that removes beds to reduce its licensed
26 bed capacity may remove the beds from anywhere in the facility and does
27 not necessarily have to remove only beds adjacent to each other. The

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

95

1 facility cost for space from which beds are removed to downsize wards or
2 create private rooms shall remain as an allowable Medicaid cost. Nursing
3 home beds removed under this policy shall remain out of service for not
4 less than 1 year, unless a shorter period of time is approved by the
5 department.

6 Sec. 1688. In consultation with the nursing home industry, the
7 department shall conduct a study to address the apparent liability insur-
8 ance increases for nursing homes. The study may include recommendations
9 such as creating a self-insured fund, a catastrophic claim fund, a
10 cost-settled Medicaid pass-through for liability insurance increases if
11 not in the base rate, or implementing an alternative methodology. The
12 department shall provide its findings from this study to the senate and
13 house of representatives appropriations subcommittees on community
14 health, the senate and house fiscal agencies, and the state budget direc-
15 tor no later than May 1, 2002.

16 Sec. 1689. The department shall not impose a limit on per unit
17 reimbursements to service providers that provide personal care or other
18 services under the Medicaid home and community-based waiver program for
19 the elderly and disabled. The department's per day per client reimburse-
20 ment cap calculated in the aggregate for all services provided under the
21 Medicaid home and community-based waiver is not a violation of this
22 section.

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

96

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

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

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

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

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

14 (a) Physician services provided in private, clinic, or outpatient
15 office settings.

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

17 (c) Pharmaceutical services.

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

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

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

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

97

1 Sec. 1691. (1) From the funds appropriated in part 1, the
2 department, subject to the requirements and limitations in this section,
3 shall establish a funding pool of up to \$44,012,900.00 for the purpose of
4 enhancing the aggregate payment for medical services hospital services.

5 (2) For a county with a population of more than 2,000,000 people,
6 the department shall distribute \$44,012,900.00 to hospitals if
7 \$15,026,700.00 is received by the state from such a county, which meets
8 the criteria of an allowable state matching share as determined by appli-
9 cable federal laws and regulations. If the state receives a lesser sum
10 of an allowable state matching share from such a county, the amount dis-
11 tributed shall be reduced accordingly.

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

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

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

25 Sec. 1692. (1) The department of community health is authorized to
26 pursue reimbursement for eligible services provided in Michigan schools
27 from the federal Medicaid program. The department and the state budget

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

98

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

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

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

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

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

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

22 Sec. 1695. It is the sense of the legislature that disproportionate
23 share hospital payments and other similar adjustor payments should be
24 equitably distributed on a statewide basis. No later than May 1, 2002,
25 the department shall provide a report to the chairs of the senate and
26 house of representatives appropriations subcommittees on community health
27 and the senate and house fiscal agencies on the methodology used to

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254

99

1 distribute disproportionate share hospital payments and other similar
2 adjustor payments. This report shall include the existing distribution
3 of these funds by geographic location.

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

8 Sec. 1697. (1) As may be allowed by federal law or regulation, the
9 department may use funds provided by a local or intermediate school dis-
10 trict, which have been obtained from a qualifying health system, as the
11 state match required for receiving federal Medicaid or children health
12 insurance program funds. Any such funds received shall be used only to
13 support new school-based or school-linked health services.

14 (2) A qualifying health system is defined as any health care entity
15 licensed to provide health care services in the state of Michigan, that
16 has entered into a contractual relationship with a local or intermediate
17 school district to provide or manage school-based or school-linked health
18 services.

19

20

21

PART 2B

22 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2000-2001

23 Sec. 2201. Of the amount appropriated to medical services adminis-
24 tration for the "Ticket to Work" initiative in 2000 PA 296, \$50,000.00
25 shall be considered a work project. Those funds shall not lapse on
26 September 30, 2001 and shall be carried forward for the purpose of

HB 4254, As Passed Senate, May 31, 2001

House Bill No. 4254 as amended May 30, 2001

100

1 supporting expenditures for the "Ticket to Work" initiative in fiscal
2 year 2001-2002.

Sec. 2202. The certificate of need commission shall take the necessary steps to remove the cap that currently exists in standards related to positron emission tomography. The commission shall accomplish this no later than September 11, 2001.