

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 555**

A bill to amend 1974 PA 258, entitled  
"Mental health code,"  
(MCL 330.1001 to 330.2106) by adding section 204b.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 204B. (1) A COMBINATION OF COMMUNITY MENTAL HEALTH  
2        ORGANIZATIONS OR AUTHORITIES MAY ESTABLISH A REGIONAL ENTITY BY  
3        ADOPTING BYLAWS THAT SATISFY THE REQUIREMENTS OF THIS SECTION. A  
4        COMMUNITY MENTAL HEALTH AGENCY MAY COMBINE WITH A COMMUNITY  
5        MENTAL HEALTH ORGANIZATION OR AUTHORITY TO ESTABLISH A REGIONAL  
6        ENTITY IF THE BOARD OF COMMISSIONERS OF THE COUNTY OR COUNTIES  
7        REPRESENTED BY THE COMMUNITY MENTAL HEALTH AGENCY ADOPTS BYLAWS  
8        THAT SATISFY THE REQUIREMENTS OF THIS SECTION. ALL OF THE FOL-  
9        LOWING SHALL BE STATED IN THE BYLAWS ESTABLISHING THE REGIONAL  
10       ENTITY:

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1           (A) THE PURPOSE AND POWER TO BE EXERCISED BY THE REGIONAL  
2 ENTITY TO CARRY OUT THE PROVISIONS OF THIS ACT, INCLUDING THE  
3 MANNER BY WHICH THE PURPOSE SHALL BE ACCOMPLISHED OR THE POWER  
4 SHALL BE EXERCISED.

5           (B) THE MANNER IN WHICH A COMMUNITY MENTAL HEALTH SERVICES  
6 PROGRAM WILL PARTICIPATE IN GOVERNING THE REGIONAL ENTITY,  
7 INCLUDING, BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

8           (i) WHETHER A COMMUNITY MENTAL HEALTH SERVICES PROGRAM THAT  
9 SUBSEQUENTLY PARTICIPATES IN THE REGIONAL ENTITY MAY PARTICIPATE  
10 IN GOVERNING ACTIVITIES.

11           (ii) THE CIRCUMSTANCES UNDER WHICH A PARTICIPATING COMMUNITY  
12 MENTAL HEALTH SERVICES PROGRAM MAY WITHDRAW FROM THE REGIONAL  
13 ENTITY AND THE NOTICE REQUIRED FOR THAT WITHDRAWAL.

14           (iii) THE PROCESS FOR DESIGNATING THE REGIONAL ENTITY'S  
15 OFFICERS AND THE METHOD OF SELECTING THE OFFICERS. THIS PROCESS  
16 SHALL INCLUDE APPOINTING A FISCAL OFFICER WHO SHALL RECEIVE,  
17 DEPOSIT, INVEST, AND DISBURSE THE REGIONAL ENTITY'S FUNDS IN THE  
18 MANNER AUTHORIZED BY THE BYLAWS OR THE REGIONAL ENTITY'S GOVERN-  
19 ING BODY. A FISCAL OFFICER MAY HOLD ANOTHER OFFICE OR OTHER  
20 EMPLOYMENT WITH THE REGIONAL ENTITY OR A PARTICIPATING COMMUNITY  
21 MENTAL HEALTH SERVICES PROGRAM.

22           (C) THE MANNER IN WHICH THE REGIONAL ENTITY'S ASSETS AND  
23 LIABILITIES SHALL BE ALLOCATED TO EACH PARTICIPATING COMMUNITY  
24 MENTAL HEALTH SERVICES PROGRAM, INCLUDING, AT A MINIMUM, ALL OF  
25 THE FOLLOWING:

26           (i) THE MANNER FOR EQUITABLY PROVIDING FOR, OBTAINING, AND  
27 ALLOCATING REVENUES DERIVED FROM A FEDERAL OR STATE GRANT OR

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1 LOAN, A GIFT, BEQUEST, GRANT, OR LOAN FROM A PRIVATE SOURCE, OR  
2 AN INSURANCE PAYMENT OR SERVICE FEE.

3 (ii) THE METHOD OR FORMULA FOR EQUITABLY ALLOCATING AND  
4 FINANCING THE REGIONAL ENTITY'S CAPITAL AND OPERATING COSTS, PAY-  
5 MENTS TO RESERVE FUNDS AUTHORIZED BY LAW, AND PAYMENTS OF PRINCI-  
6 PAL AND INTEREST ON OBLIGATIONS.

7 (iii) THE METHOD FOR ALLOCATING ANY OF THE REGIONAL ENTITY'S  
8 OTHER ASSETS.

9 (iv) THE MANNER IN WHICH, AFTER THE COMPLETION OF ITS PUR-  
10 POSE AS SPECIFIED IN THE REGIONAL ENTITY'S BYLAWS, ANY SURPLUS  
11 FUNDS SHALL BE RETURNED TO THE PARTICIPATING COMMUNITY MENTAL  
12 HEALTH SERVICES PROGRAMS.

13 (D) THE MANNER IN WHICH A PARTICIPATING COMMUNITY MENTAL  
14 HEALTH SERVICES PROGRAM'S SPECIAL FUND ACCOUNT CREATED UNDER  
15 SECTION 226A SHALL BE ALLOCATED.

16 (E) A PROCESS PROVIDING FOR STRICT ACCOUNTABILITY OF ALL  
17 FUNDS AND THE MANNER IN WHICH REPORTS, INCLUDING AN ANNUAL INDE-  
18 PENDENT AUDIT OF ALL THE REGIONAL ENTITY'S RECEIPTS AND DISBURSE-  
19 MENTS, SHALL BE PREPARED AND PRESENTED.

20 (F) THE MANNER IN WHICH THE REGIONAL ENTITY SHALL ENTER INTO  
21 CONTRACTS INCLUDING A CONTRACT INVOLVING THE ACQUISITION, OWNER-  
22 SHIP, CUSTODY, OPERATION, MAINTENANCE, LEASE, OR SALE OF REAL OR  
23 PERSONAL PROPERTY AND THE DISPOSITION, DIVISION, OR DISTRIBUTION  
24 OF PROPERTY ACQUIRED THROUGH THE EXECUTION OF THE CONTRACT.

25 (G) THE MANNER FOR ADJUDICATING A DISPUTE OR DISAGREEMENT  
26 AMONG PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES PROGRAMS.

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1           (H) THE EFFECT OF A PARTICIPATING COMMUNITY MENTAL HEALTH  
2 SERVICE PROGRAM'S FAILURE TO PAY ITS DESIGNATED SHARE OF THE  
3 REGIONAL ENTITY'S COSTS AND EXPENSES, AND THE RIGHTS OF THE OTHER  
4 PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES PROGRAMS AS A  
5 RESULT OF THAT FAILURE.

6           (I) THE PROCESS AND VOTE REQUIRED TO AMEND THE BYLAWS.

7           (J) ANY OTHER NECESSARY AND PROPER MATTER AGREED TO BY THE  
8 PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES PROGRAMS.

9           (2) EXCEPT AS OTHERWISE STATED IN THE BYLAWS, A REGIONAL  
10 ENTITY HAS ALL OF THE FOLLOWING POWERS:

11           (A) THE POWER, PRIVILEGE, OR AUTHORITY THAT THE PARTICIPAT-  
12 ING COMMUNITY MENTAL HEALTH SERVICES PROGRAMS SHARE IN COMMON AND  
13 MAY EXERCISE SEPARATELY UNDER THIS ACT, WHETHER OR NOT THAT  
14 POWER, PRIVILEGE, OR AUTHORITY IS SPECIFIED IN THE BYLAWS ESTAB-  
15 LISHING THE REGIONAL ENTITY.

16           (B) THE POWER TO CONTRACT WITH THE STATE TO SERVE AS THE  
17 MEDICAID SPECIALTY SERVICE PREPAID HEALTH PLAN FOR THE DESIGNATED  
18 SERVICE AREAS OF THE PARTICIPATING COMMUNITY MENTAL HEALTH SERV-  
19 ICES PROGRAMS.

20           (C) THE POWER TO ACCEPT FUNDS, GRANTS, GIFTS, OR SERVICES  
21 FROM THE FEDERAL GOVERNMENT OR A FEDERAL AGENCY, THE STATE OR A  
22 STATE DEPARTMENT, AGENCY, INSTRUMENTALITY, OR POLITICAL SUBDIVI-  
23 SION, OR ANY OTHER GOVERNMENTAL UNIT WHETHER OR NOT THAT GOVERN-  
24 MENTAL UNIT PARTICIPATES IN THE REGIONAL ENTITY, AND FROM A PRI-  
25 VATE OR CIVIC SOURCE.

26           (D) THE POWER TO ENTER INTO A CONTRACT WITH A PARTICIPATING  
27 COMMUNITY MENTAL HEALTH SERVICE PROGRAM FOR ANY SERVICE TO BE

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1 PERFORMED FOR, BY, OR FROM THE PARTICIPATING COMMUNITY MENTAL  
2 HEALTH SERVICES PROGRAM.

3 (E) THE POWER TO CREATE A RISK POOL AND TAKE OTHER ACTION AS  
4 NECESSARY TO REDUCE THE RISK THAT A PARTICIPATING COMMUNITY  
5 MENTAL HEALTH SERVICES PROGRAM OTHERWISE BEARS INDIVIDUALLY.

6 (3) A REGIONAL ENTITY ESTABLISHED UNDER THIS SECTION IS A  
7 PUBLIC GOVERNMENTAL ENTITY SEPARATE FROM THE COUNTY, AUTHORITY,  
8 OR ORGANIZATION THAT ESTABLISHES IT.

9 (4) ALL THE PRIVILEGES AND IMMUNITY FROM LIABILITY AND  
10 EXEMPTIONS FROM LAWS, ORDINANCES, AND RULES PROVIDED UNDER SEC-  
11 TION 205(3)(B) TO COUNTY COMMUNITY MENTAL HEALTH SERVICE PROGRAMS  
12 AND THEIR BOARD MEMBERS, OFFICERS, AND ADMINISTRATORS, AND COUNTY  
13 ELECTED OFFICIALS AND EMPLOYEES OF COUNTY GOVERNMENT ARE RETAINED  
14 BY A REGIONAL ENTITY CREATED UNDER THIS SECTION AND THE REGIONAL  
15 ENTITY'S BOARD MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.

16 (5) A REGIONAL ENTITY SHALL PROVIDE AN ANNUAL REPORT OF ITS  
17 ACTIVITIES TO EACH PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES  
18 PROGRAM.

19 (6) THE REGIONAL ENTITY'S BYLAWS SHALL BE FILED WITH THE  
20 CLERK OF EACH COUNTY IN WHICH A PARTICIPATING COMMUNITY MENTAL  
21 HEALTH SERVICES PROGRAM IS LOCATED AND WITH THE SECRETARY OF  
22 STATE, BEFORE THE BYLAWS TAKE EFFECT.

23 (7) IF A REGIONAL ENTITY ASSUMES THE DUTIES OF A PARTICIPAT-  
24 ING COMMUNITY MENTAL HEALTH SERVICES PROGRAM OR CONTRACTS WITH A  
25 PRIVATE INDIVIDUAL OR ENTITY TO ASSUME THE DUTIES OF A PARTICI-  
26 PATING COMMUNITY MENTAL HEALTH SERVICES PROGRAM, THE REGIONAL  
27 ENTITY SHALL COMPLY WITH ALL OF THE FOLLOWING:

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1           (A) THE MANNER OF EMPLOYING, COMPENSATING, TRANSFERRING, OR  
2   DISCHARGING NECESSARY PERSONNEL IS SUBJECT TO THE PROVISIONS OF  
3   THE APPLICABLE CIVIL SERVICE AND MERIT SYSTEMS AND THE FOLLOWING  
4   RESTRICTIONS:

5           (i) AN EMPLOYEE OF A REGIONAL ENTITY IS A PUBLIC EMPLOYEE.

6           (ii) A REGIONAL ENTITY AND ITS EMPLOYEES ARE SUBJECT TO 1947  
7   PA 336, MCL 423.201 TO 423.217.

8           (B) AT THE TIME A REGIONAL ENTITY IS ESTABLISHED UNDER THIS  
9   SECTION, THE EMPLOYEES OF THE PARTICIPATING COMMUNITY MENTAL  
10   HEALTH SERVICES PROGRAM WHO ARE TRANSFERRED TO THE REGIONAL  
11   ENTITY AND APPOINTED AS EMPLOYEES SHALL RETAIN ALL THE RIGHTS AND  
12   BENEFITS FOR 1 YEAR. IF AT THE TIME A REGIONAL ENTITY IS ESTAB-  
13   LISHED UNDER THIS SECTION A PARTICIPATING COMMUNITY MENTAL HEALTH  
14   SERVICES PROGRAM CEASES TO OPERATE, THE EMPLOYEES OF THE PARTICI-  
15   PATING COMMUNITY MENTAL HEALTH SERVICES PROGRAM SHALL BE TRANS-  
16   FERRED TO THE REGIONAL ENTITY AND APPOINTED AS EMPLOYEES WHO  
17   SHALL RETAIN ALL THE RIGHTS AND BENEFITS FOR 1 YEAR. AN EMPLOYEE  
18   OF THE REGIONAL ENTITY SHALL NOT, BY REASON OF THE TRANSFER, BE  
19   PLACED IN A WORSE POSITION FOR A PERIOD OF 1 YEAR WITH RESPECT TO  
20   WORKER'S COMPENSATION, PENSION, SENIORITY, WAGES, SICK LEAVE,  
21   VACATION, HEALTH AND WELFARE INSURANCE, OR ANOTHER BENEFIT THAT  
22   THE EMPLOYEE HAD AS AN EMPLOYEE OF THE PARTICIPATING COMMUNITY  
23   MENTAL HEALTH SERVICES PROGRAM. A TRANSFERRED EMPLOYEE'S ACCRUED  
24   BENEFITS OR CREDITS SHALL NOT BE DIMINISHED BY REASON OF THE  
25   TRANSFER.

26           (C) IF A PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES  
27   PROGRAM WAS THE DESIGNATED EMPLOYER OR PARTICIPATED IN THE

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1 DEVELOPMENT OF A COLLECTIVE BARGAINING AGREEMENT, THE REGIONAL  
2 ENTITY ASSUMES AND IS BOUND BY THE EXISTING COLLECTIVE BARGAINING  
3 AGREEMENT. ESTABLISHING A REGIONAL ENTITY DOES NOT ADVERSELY  
4 AFFECT EXISTING RIGHTS OR OBLIGATIONS CONTAINED IN THE EXISTING  
5 COLLECTIVE BARGAINING AGREEMENT. FOR THE PURPOSES OF THIS SUB-  
6 SECTION, "PARTICIPATION IN THE DEVELOPMENT OF A COLLECTIVE BAR-  
7 GAINING AGREEMENT" MEANS THAT A REPRESENTATIVE OF THE PARTICIPAT-  
8 ING COMMUNITY MENTAL HEALTH SERVICES PROGRAM ACTIVELY PARTICI-  
9 PATED IN BARGAINING SESSIONS WITH THE EMPLOYER REPRESENTATIVE AND  
10 UNION OR WAS CONSULTED DURING THE BARGAINING PROCESS.