

**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.
4 ALL OF THE FOLLOWING SHALL BE STATED IN THE BYLAWS ESTABLISHING
5 THE REGIONAL ENTITY:
6 (A) THE PURPOSE AND POWER TO BE EXERCISED BY THE REGIONAL
7 ENTITY TO CARRY OUT THE PROVISIONS OF THIS ACT, INCLUDING THE
8 MANNER BY WHICH THE PURPOSE SHALL BE ACCOMPLISHED OR THE POWER
9 SHALL BE EXERCISED.

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

4 (i) WHETHER A COMMUNITY MENTAL HEALTH SERVICES PROGRAM THAT
5 SUBSEQUENTLY PARTICIPATES IN THE REGIONAL ENTITY MAY PARTICIPATE
6 IN GOVERNING ACTIVITIES.

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

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

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

22 (i) THE MANNER FOR EQUITABLY PROVIDING FOR, OBTAINING, AND
23 ALLOCATING REVENUES DERIVED FROM A FEDERAL OR STATE GRANT OR
24 LOAN, A GIFT, BEQUEST, GRANT, OR LOAN FROM A PRIVATE SOURCE, OR
25 AN INSURANCE PAYMENT OR SERVICE FEE.

26 (ii) THE METHOD OR FORMULA FOR EQUITABLY ALLOCATING AND
27 FINANCING THE REGIONAL ENTITY'S CAPITAL AND OPERATING COSTS,

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1 PAYMENTS TO RESERVE FUNDS AUTHORIZED BY LAW, AND PAYMENTS OF
2 PRINCIPAL AND INTEREST ON OBLIGATIONS.

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

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

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

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

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

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

23 (H) THE EFFECT OF A PARTICIPATING COMMUNITY MENTAL HEALTH
24 SERVICE PROGRAM'S FAILURE TO PAY ITS DESIGNATED SHARE OF THE
25 REGIONAL ENTITY'S COSTS AND EXPENSES, AND THE RIGHTS OF THE OTHER
26 PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES PROGRAMS AS A
27 RESULT OF THAT FAILURE.

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

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

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

6 (A) THE POWER, PRIVILEGE, OR AUTHORITY THAT THE PARTICIPAT-
7 ING COMMUNITY MENTAL HEALTH SERVICES PROGRAMS SHARE IN COMMON AND
8 MAY EXERCISE SEPARATELY UNDER THIS ACT, WHETHER OR NOT THAT
9 POWER, PRIVILEGE, OR AUTHORITY IS SPECIFIED IN THE BYLAWS ESTAB-
10 LISHING THE REGIONAL ENTITY.

11 (B) THE POWER TO CONTRACT WITH THE STATE TO SERVE AS THE
12 MEDICAID SPECIALTY SERVICE PREPAID HEALTH PLAN FOR THE DESIGNATED
13 SERVICE AREAS OF THE PARTICIPATING COMMUNITY MENTAL HEALTH SERV-
14 ICES PROGRAMS.

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

21 (D) THE POWER TO ENTER INTO A CONTRACT WITH A PARTICIPATING
22 COMMUNITY MENTAL HEALTH SERVICE PROGRAM FOR ANY SERVICE TO BE
23 PERFORMED FOR, BY, OR FROM THE PARTICIPATING COMMUNITY MENTAL
24 HEALTH SERVICES PROGRAM.

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

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

8 (4) A REGIONAL ENTITY SHALL PROVIDE AN ANNUAL REPORT OF ITS
9 ACTIVITIES TO EACH PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES
10 PROGRAM.

11 (5) THE REGIONAL ENTITY'S BYLAWS SHALL BE FILED WITH THE
12 CLERK OF EACH COUNTY IN WHICH A PARTICIPATING COMMUNITY MENTAL
13 HEALTH SERVICES PROGRAM IS LOCATED AND WITH THE SECRETARY OF
14 STATE, BEFORE THE BYLAWS TAKE EFFECT.

15 (6) IF A REGIONAL ENTITY ASSUMES THE DUTIES OF A PARTICIPAT-
16 ING COMMUNITY MENTAL HEALTH SERVICES PROGRAM OR CONTRACTS WITH A
17 PRIVATE INDIVIDUAL OR ENTITY TO ASSUME THE DUTIES OF A PARTICI-
18 PATING COMMUNITY MENTAL HEALTH SERVICES PROGRAM, THE REGIONAL
19 ENTITY SHALL COMPLY WITH ALL OF THE FOLLOWING:

20 (A) THE MANNER OF EMPLOYING, COMPENSATING, TRANSFERRING, OR
21 DISCHARGING NECESSARY PERSONNEL IS SUBJECT TO THE PROVISIONS OF
22 THE APPLICABLE CIVIL SERVICE AND MERIT SYSTEMS AND THE FOLLOWING
23 RESTRICTIONS:

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

25 (ii) A REGIONAL ENTITY AND ITS EMPLOYEES ARE SUBJECT TO THE
26 PROVISIONS OF 1947 PA 336, MCL 423.201 TO 423.217.

1 (B) AT THE TIME A REGIONAL ENTITY IS ESTABLISHED UNDER THIS
2 SECTION, THE EMPLOYEES OF THE PARTICIPATING COMMUNITY MENTAL
3 HEALTH SERVICES PROGRAM SHALL BE TRANSFERRED TO THE REGIONAL
4 ENTITY AND APPOINTED AS EMPLOYEES WHO SHALL RETAIN ALL THE RIGHTS
5 AND BENEFITS FOR 1 YEAR. AN EMPLOYEE OF THE REGIONAL ENTITY
6 SHALL NOT, BY REASON OF THE TRANSFER, BE PLACED IN A WORSE POSI-
7 TION FOR A PERIOD OF 1 YEAR WITH RESPECT TO WORKER'S COMPENSA-
8 TION, PENSION, SENIORITY, WAGES, SICK LEAVE, VACATION, HEALTH AND
9 WELFARE INSURANCE, OR ANOTHER BENEFIT THAT THE EMPLOYEE HAD AS AN
10 EMPLOYEE OF THE PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES
11 PROGRAM. A TRANSFERRED EMPLOYEE'S ACCRUED BENEFITS OR CREDITS
12 SHALL NOT BE DIMINISHED BY REASON OF THE TRANSFER.

13 (C) IF A PARTICIPATING COMMUNITY MENTAL HEALTH SERVICES PRO-
14 GRAM WAS THE DESIGNATED EMPLOYER OR PARTICIPATED IN THE DEVELOP-
15 MENT OF A COLLECTIVE BARGAINING AGREEMENT, THE REGIONAL ENTITY
16 ASSUMES AND IS BOUND BY THE EXISTING COLLECTIVE BARGAINING
17 AGREEMENT. ESTABLISHING A REGIONAL ENTITY DOES NOT ADVERSELY
18 AFFECT EXISTING RIGHTS OR OBLIGATIONS CONTAINED IN THE EXISTING
19 COLLECTIVE BARGAINING AGREEMENT. FOR THE PURPOSES OF THIS SUB-
20 SECTION, "PARTICIPATION IN THE DEVELOPMENT OF A COLLECTIVE BAR-
21 GAINING AGREEMENT" MEANS THAT A REPRESENTATIVE OF THE PARTICIPAT-
22 ING COMMUNITY MENTAL HEALTH SERVICES PROGRAM ACTIVELY PARTICI-
23 PATED IN BARGAINING SESSIONS WITH THE EMPLOYER REPRESENTATIVE AND
24 UNION OR WAS CONSULTED DURING THE BARGAINING PROCESS.