

**SUBSTITUTE FOR  
SENATE BILL NO. 556**

A bill to amend 1974 PA 258, entitled  
"Mental health code,"  
by amending section 226 (MCL 330.1226), as amended by 2000  
PA 273.

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

1       Sec. 226. (1) The board of a community mental health serv-  
2   ices program shall do all of the following:  
3       (a) Annually conduct a needs assessment to determine the  
4   mental health needs of the residents of the county or counties it  
5   represents and identify public and nonpublic services necessary  
6   to meet those needs. Information and data concerning the mental  
7   health needs of individuals with developmental disability, seri-  
8   ous mental illness, and serious emotional disturbance shall be  
9   reported to the department in accordance with procedures and at a  
10  time established by the department, along with plans to meet

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1 identified needs. It is the responsibility of the community  
2 mental health services program to involve the public and private  
3 providers of mental health services located in the county or  
4 counties served by the community mental health program in this  
5 assessment and service identification process. The needs assess-  
6 ment shall include information gathered from all appropriate  
7 sources, including community mental health waiting list data and  
8 school districts providing special education services.

9 (b) Annually review and submit to the department a needs  
10 assessment report, annual plan, and request for new funds for the  
11 community mental health services program. The standard format  
12 and documentation of the needs assessment, annual plan, and  
13 request for new funds shall be specified by the department.

14 (c) In the case of a county community mental health agency,  
15 obtain approval of its needs assessment, annual plan and budget,  
16 and request for new funds from the board of commissioners of each  
17 participating county before submission of the plan to the  
18 department. In the case of a community mental health organiza-  
19 tion, provide a copy of its needs assessment, annual plan,  
20 request for new funds, and any other document specified in  
21 accordance with the terms and conditions of the organization's  
22 inter-local agreement to the board of commissioners of each  
23 county creating the organization. In the case of a community  
24 mental health authority, provide a copy of its needs assessment,  
25 annual plan, and request for new funds to the board of commis-  
26 sioners of each county creating the authority.

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1       (d) Submit the needs assessment, annual plan, and request  
2 for new funds to the department by the date specified by the  
3 department. The submission constitutes the community mental  
4 health services program's official application for new state  
5 funds.

6       (e) Provide and advertise a public hearing on the needs  
7 assessment, annual plan, and request for new funds before provid-  
8 ing them to the county board of commissioners.

9       (f) Submit to each board of commissioners for their approval  
10 an annual request for county funds to support the program. The  
11 request shall be in the form and at the time determined by the  
12 board or boards of commissioners.

13       (g) Annually approve the community mental health services  
14 program's operating budget for the year.

15       (h) Take those actions it considers necessary and appropri-  
16 ate to secure private, federal, and other public funds to help  
17 support the community mental health services program.

18       (i) Approve and authorize all contracts for the provision of  
19 services.

20       (j) Review and evaluate the quality, effectiveness, and  
21 efficiency of services being provided by the community mental  
22 health services program. The board shall identify specific per-  
23 formance criteria and standards to be used in the review and  
24 evaluation. These shall be in writing and available for public  
25 inspection upon request.

26       (k) Subject to subsection (3), appoint an executive director  
27 of the community mental health services program who meets the

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1 standards of training and experience established by the  
2 department.

3 (l) Establish general policy guidelines within which the  
4 executive director shall execute the community mental health  
5 services program.

6 (m) Require the executive director to select a physician, a  
7 registered professional nurse with a specialty certification  
8 issued under section 17210 of the public health code, 1978  
9 PA 368, MCL 333.17210, or a licensed psychologist to advise the  
10 executive director on treatment issues.

11 (2) A community mental health services program may do all of  
12 the following:

13 (a) Establish demonstration projects allowing the executive  
14 director to do 1 or both of the following:

15 (i) Issue a voucher to a recipient in accordance with the  
16 recipient's plan of services developed by the community mental  
17 health services program.

18 (ii) Provide funding for the purpose of establishing revolv-  
19 ing loans to assist recipients of public mental health services  
20 to acquire or maintain affordable housing. Funding under this  
21 subparagraph shall only be provided through an agreement with a  
22 nonprofit fiduciary.

23 (b) Carry forward any surplus of revenue over expenditures  
24 under a capitated managed care system. Capitated payments under  
25 a managed care system are not subject to cost settlement provi-  
26 sions of section 236.

(c) Carry forward the operating margin up to 5% of the community mental health services program's state share of the operating budget for the fiscal years ending September 30, 2000, 2001, ~~and~~ 2002, 2003, AND 2004. As used in this subdivision, "operating margin" means the excess of state revenue over state expenditures for a single fiscal year exclusive of capitated payments under a managed care system. In the case of a community mental health authority, this carryforward is in addition to the reserve accounts described in section 205(4)(h).

(d) Pursue, develop, and establish partnerships with private individuals or organizations to provide mental health services.

(E) SHARE THE COSTS OR RISKS, OR BOTH, OF MANAGING AND PROVIDING PUBLICLY FUNDED MENTAL HEALTH SERVICES WITH OTHER COMMUNITY MENTAL HEALTH SERVICES PROGRAMS THROUGH PARTICIPATION IN RISK POOLING ARRANGEMENTS, REINSURANCE AGREEMENTS, AND OTHER JOINT OR COOPERATIVE ARRANGEMENTS AS PERMITTED BY LAW.

(3) In the case of a county community mental health agency, the initial appointment by the board of an individual as executive director is effective unless rejected by a 2/3 vote of the county board of commissioners within 15 calendar days.