

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1101

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, 2003; 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 2002-2003
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, 2003, from the

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For Fiscal Year Ending
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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.....	5,674.3	
6	Average population.....	1,438.0	
7	GROSS APPROPRIATION.....	\$	9,507,445,200
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....	\$	69,172,900
11	ADJUSTED GROSS APPROPRIATION.....	\$	9,438,272,300
12	Federal revenues:		
13	Total federal revenues.....		4,962,166,900
14	Special revenue funds:		
15	Total local revenues.....		1,065,265,900
16	Total private revenues.....		64,736,600
17	Total local and private revenues.....		1,130,002,500
18	Tobacco settlement revenue.....		72,268,200
19	Total other state restricted revenues.....		710,247,700
20	State general fund/general purpose.....	\$	2,563,587,000

21 **Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

22	Full-time equated unclassified positions.....	6.0	
23	Full-time equated classified positions.....	351.5	
24	Director and other unclassified--6.0 FTE positions...	\$	581,500
25	Community health advisory council.....		28,900
26	Departmental administration and management--319.7 FTE		
27	positions.....		26,969,200

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1	Certificate of need program administration--21.0 FTE	
2	positions.....	1,500,000
3	Worker's compensation program.....	[12,147,000]
4	Rent and building occupancy.....	9,020,100
5	Developmental disabilities council and projects--9.0	
6	FTE positions.....	2,743,600
7	Rural health services.....	726,000
8	Michigan essential health care provider.....	1,720,000
9	Palliative and hospice care.....	316,200
10	Primary care services--1.8 FTE positions.....	<u>5,640,500</u>
11	GROSS APPROPRIATION..... \$	[61,393,000]
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	Interdepartmental grant from the department of trea-	
15	sury, Michigan state hospital finance authority....	101,600
16	Federal revenues:	
17	Total federal revenues.....	14,786,000
18	Special revenue funds:	
19	Total private revenues.....	185,900
20	Total other state restricted revenues.....	3,857,100
21	State general fund/general purpose..... \$	[42,462,400]
22	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION	
23	AND SPECIAL PROJECTS	
24	Full-time equated classified positions.....101.0	
25	Mental health/substance abuse program	
26	administration--101.0 FTE positions..... \$	10,172,600

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1	Consumer involvement program.....	189,100
2	Gambling addiction.....	3,500,000
3	Protection and advocacy services support.....	818,300
4	Mental health initiatives for older persons.....	1,165,800
5	Community residential and support services.....	4,473,600
6	Highway safety projects.....	1,837,200
7	Federal and other special projects.....	<u>1,977,200</u>
8	GROSS APPROPRIATION.....	\$ 24,133,800
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues.....	5,813,100
12	Special revenue funds:	
13	Total private revenues.....	190,000
14	Total other state restricted revenues.....	3,682,300
15	State general fund/general purpose.....	\$ 14,448,400
16	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
17	PROGRAMS	
18	Full-time equated classified positions.....	2.0
19	Medicaid mental health services.....	\$ 1,355,134,400
20	Community mental health non-Medicaid services.....	[274,914,800]
21	Multicultural services.....	3,848,000
22	Medicaid substance abuse services.....	27,434,000
23	Respite services.....	3,318,600
24	CMHSP, purchase of state services contracts.....	165,813,900
25	Adolescents mental health services.....	500,000
26	Civil service charges.....	2,606,400

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1	Federal mental health block grant--2.0 FTE positions.	15,317,400
2	Pilot projects in prevention for adults and children.	80,000
3	State disability assistance program substance abuse	
4	services.....	6,600,000
5	Community substance abuse prevention, education and	
6	treatment programs.....	<u>87,877,500</u>
7	GROSS APPROPRIATION.....	\$ [1,943,445,000]
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	849,997,400
11	Special revenue funds:	
12	Total other state restricted revenues.....	6,042,400
13	State general fund/general purpose.....	\$ [1,087,405,200]
14	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH	
15	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH	
16	SERVICES	
17	Total average population.....	1,438.0
18	Full-time equated classified positions.....	4,289.0
19	Caro regional mental health center-psychiatric	
20	hospital-adult--498.0 FTE positions.....	\$ 39,828,900
21	Average population.....	184.0
22	Kalamazoo psychiatric hospital-adult--402.0 FTE	
23	positions.....	29,559,400
24	Average population.....	136.0
25	Northville psychiatric hospital-adult--844.0 FTE	
26	positions.....	65,451,800

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1	Average population.....	377.0	
2	Walter P. Reuther psychiatric hospital--	440.0	
3	FTE positions.....		35,332,500
4	Average population.....	232.0	
5	Hawthorn center-psychiatric hospital--children and		
6	adolescents--333.0 FTE positions.....		24,627,200
7	Average population.....	118.0	
8	Mount Pleasant center--developmental		
9	disabilities--498.0 FTE positions.....		36,883,300
10	Average population.....	181.0	
11	Center for forensic psychiatry--522.0 FTE positions..		41,835,500
12	Average population.....	210.0	
13	Forensic mental health services provided to the		
14	department of corrections--741.0 FTE positions.....		68,088,700
15	Revenue recapture.....		750,000
16	IDEA, federal special education.....		120,000
17	Special maintenance and equipment.....		947,800
18	Purchase of medical services for residents of hospi-		
19	tals and centers.....		1,358,200
20	Closed site, transition, and related costs--11.0 FTE		
21	positions.....		1,066,900
22	Severance pay.....		216,900
23	Gifts and bequests for patient living and treatment		
24	environment.....		<u>500,000</u>
25	GROSS APPROPRIATION.....	\$	346,567,100
26	Appropriated from:		

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1	Interdepartmental grant revenues:	
2	Interdepartmental grant from the department of	
3	corrections.....	68,088,700
4	Federal revenues:	
5	Total federal revenues.....	33,145,700
6	Special revenue funds:	
7	CMHSP, purchase of state services contracts.....	165,813,900
8	Other local revenues.....	25,958,300
9	Total private revenues.....	500,000
10	Total other state restricted revenues.....	10,396,000
11	State general fund/general purpose..... \$	42,664,500
12	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
13	Full-time equated classified positions.....81.3	
14	Executive administration--12.0 FTE positions..... \$	1,129,200
15	Minority health grants and contracts.....	1,184,100
16	Vital records and health statistics--69.3 FTE	
17	positions.....	<u>5,610,500</u>
18	GROSS APPROPRIATION..... \$	7,923,800
19	Appropriated from:	
20	Interdepartmental grant revenues:	
21	Interdepartmental grant from family independence	
22	agency.....	447,800
23	Federal revenues:	
24	Total federal revenues.....	2,045,100
25	Special revenue funds:	
26	Total other state restricted revenues.....	2,432,200

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1	State general fund/general purpose.....	\$	2,998,700
2	Sec. 107. INFECTIOUS DISEASE CONTROL		
3	Full-time equated classified positions.....		44.3
4	AIDS prevention, testing and care programs--		9.8 FTE
5	positions.....	\$	27,608,300
6	Immunization local agreements.....		14,490,300
7	Immunization program management and field		
8	support--		7.7 FTE positions.....
9	Sexually transmitted disease control local agreements		3,541,700
10	Sexually transmitted disease control management and		
11	field support--		26.8 FTE positions.....
12	GROSS APPROPRIATION.....	\$	50,843,400
13	Appropriated from:		
14	Federal revenues:		
15	Total federal revenues.....		36,057,700
16	Special revenue funds:		
17	Total private revenues.....		1,847,000
18	Total other state restricted revenues.....		8,050,000
19	State general fund/general purpose.....	\$	4,888,700
20	Sec. 108. LABORATORY SERVICES		
21	Full-time equated classified positions.....		113.2
22	Laboratory services--		113.2 FTE positions.....
23	GROSS APPROPRIATION.....	\$	13,326,700
24	Appropriated from:		
25	Interdepartmental grant revenues:		
26	Interdepartmental grant from environmental quality...		392,100

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1	Federal revenues:	
2	Total federal revenues.....	3,411,100
3	Special revenue funds:	
4	Total other state restricted revenues.....	3,131,300
5	State general fund/general purpose..... \$	6,392,200
6	Sec. 109. EPIDEMIOLOGY	
7	Full-time equated classified positions.....64.5	
8	AIDS surveillance and prevention program--7.0 FTE	
9	positions..... \$	1,772,800
10	Asthma prevention and control.....	675,000
11	Bioterrorism preparedness.....	9,503,400
12	Epidemiology administration--24.5 FTE positions.....	5,724,000
13	Tuberculosis control and recalcitrant AIDS program...	<u>867,000</u>
14	GROSS APPROPRIATION..... \$	18,542,200
15	Appropriated from:	
16	Interdepartmental grant revenues:	
17	Federal revenues:	
18	Total federal revenues.....	15,936,100
19	Special revenue funds:	
20	Total other state restricted revenues.....	179,000
21	State general fund/general purpose..... \$	2,427,100
22	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
23	Full-time equated classified positions.....3.0	
24	Implementation of 1993 PA 133, MCL 333.17015..... \$	100,000
25	Lead abatement program--3.0 FTE positions.....	3,000,000
26	Local health services.....	462,300

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1	Local public health operations.....	43,123,800
2	Medical services cost reimbursement to local health	
3	departments.....	<u>1,500,000</u>
4	GROSS APPROPRIATION..... \$	48,186,100
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	2,949,200
8	Special revenue funds:	
9	Total other state restricted revenues.....	344,600
10	State general fund/general purpose..... \$	44,892,300
11	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
12	PROMOTION	
13	Full-time equated classified positions.....30.7	
14	African-American male health initiative..... \$	1,245,000
15	AIDS and risk reduction clearinghouse and media	
16	campaign.....	1,576,000
17	Alzheimer's information network.....	440,000
18	Cancer prevention and control program--13.6 FTE	
19	positions.....	15,331,400
20	Chronic disease prevention.....	2,317,400
21	Detroit medical center, center for geriatric medicine	
22	in Commerce Township.....	250,000
23	Diabetes and kidney program--8.0 FTE positions.....	4,101,700
24	Employee wellness program grants.....	100,000
25	Health education, promotion, and research	
26	programs--2.9 FTE positions.....	1,352,800

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1	Injury control intervention project.....	[1,225,000]
2	Michigan Parkinson's Foundation.....	200,000
3	Morris Hood Wayne State University diabetes outreach.	500,000
4	Obesity program.....	450,000
5	Physical fitness, nutrition, and health.....	1,375,000
6	Public health traffic safety coordination.....	650,000
7	School health and education programs.....	180,000
8	Smoking prevention program--6.2 FTE positions.....	10,007,800
9	Tobacco tax collection and enforcement.....	810,000
10	Violence prevention.....	<u>1,946,900</u>
11	GROSS APPROPRIATION..... \$	[44,059,000]
12	Appropriated from:	
13	Federal revenues:	
14	Total federal revenues.....	15,203,200
15	Special revenue funds:	
16	Tobacco settlement revenue.....	1,500,000
17	Total other state restricted revenues.....	17,882,300
18	State general fund/general purpose..... \$	[9,473,500]
19	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
20	Full-time equated classified positions.....84.0	
21	Adolescent and child health care services..... \$	5,242,300
22	Childhood lead program--5.0 FTE positions.....	1,412,200
23	Children's waiver home care program.....	23,969,900
24	Community living, children, and families	
25	administration--68.5 FTE positions.....	7,285,100
26	Dental programs.....	510,400

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1	Dental program for persons with developmental	
2	disabilities.....	151,000
3	Early childhood collaborative secondary prevention...	1,250,000
4	Family planning local agreements.....	8,393,900
5	Family support subsidy.....	15,474,100
6	Housing and support services--1.0 FTE positions.....	5,579,300
7	Local MCH services.....	18,050,200
8	Medicaid outreach and service delivery support.....	6,488,600
9	Migrant health care.....	200,000
10	Newborn screening follow-up and treatment services...	2,428,000
11	Omnibus budget reconciliation act implementation--9.0	
12	FTE positions.....	12,770,500
13	Pediatric AIDS prevention and control.....	1,026,300
14	Pregnancy prevention program.....	7,196,100
15	Prenatal care outreach and service delivery support..	4,299,300
16	Southwest community partnership.....	1,547,300
17	Special projects--0.5 FTE positions.....	6,952,500
18	Sudden infant death syndrome program.....	<u>521,300</u>
19	GROSS APPROPRIATION.....	\$ 130,748,300
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues.....	74,379,500
23	Special revenue funds:	
24	Total private revenues.....	261,100
25	Total other state restricted revenues.....	12,990,000
26	State general fund/general purpose.....	\$ 43,117,700

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1	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION		
2	PROGRAMS		
3	Full-time equated classified positions.....	42.0	
4	Women, infants, and children program administration		
5	and special projects--42.0 FTE positions.....	\$	4,951,300
6	Women, infants, and children program local agreements		
7	and food costs.....		<u>164,311,000</u>
8	GROSS APPROPRIATION.....	\$	169,262,300
9	Appropriated from:		
10	Federal revenues:		
11	Total federal revenues.....		121,386,400
12	Special revenue funds:		
13	Total private revenues.....		47,875,900
14	State general fund/general purpose.....	\$	0
15	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES		
16	Full-time equated classified positions.....	66.6	
17	Children's special health care services		
18	administration--66.6 FTE positions.....	\$	5,058,500
19	Amputee program.....		184,600
20	Bequests for care and services.....		1,579,600
21	Case management services.....		3,923,500
22	Conveyor contract.....		587,200
23	Medical care and treatment.....		<u>134,419,000</u>
24	GROSS APPROPRIATION.....	\$	145,752,400
25	Appropriated from:		
26	Federal revenues:		

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1	Total federal revenues.....	69,408,300
2	Special revenue funds:	
3	Total private revenues.....	750,000
4	Total other state restricted revenues.....	650,000
5	State general fund/general purpose..... \$	74,944,100
6	Sec. 115. OFFICE OF DRUG CONTROL POLICY	
7	Full-time equated classified positions.....17.0	
8	Drug control policy--17.0 FTE positions..... \$	1,973,400
9	Anti-drug abuse grants.....	<u>28,659,200</u>
10	GROSS APPROPRIATION..... \$	30,632,600
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues.....	30,246,600
14	State general fund/general purpose..... \$	386,000
15	Sec. 116. CRIME VICTIM SERVICES COMMISSION	
16	Full-time equated classified positions.....9.0	
17	Grants administration services--9.0 FTE positions.... \$	1,040,500
18	Justice assistance grants.....	15,000,000
19	Crime victim rights services grants.....	<u>7,655,300</u>
20	GROSS APPROPRIATION..... \$	23,695,800
21	Appropriated from:	
22	Federal revenues:	
23	Total federal revenues.....	15,939,900
24	Special revenue funds:	
25	Total other state restricted revenues.....	7,240,900
26	State general fund/general purpose..... \$	515,000

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1	Sec. 117. OFFICE OF SERVICES TO THE AGING	
2	Full-time equated classified positions.....	41.5
3	Commission (per diem \$50.00).....	\$ 10,500
4	Long-term care advisor--3.0 FTE positions.....	761,000
5	Office of services to aging administration--38.5 FTE	
6	positions.....	4,201,200
7	Community services.....	34,589,900
8	Nutrition services.....	37,289,300
9	Senior volunteer services.....	6,268,600
10	Senior citizen centers staffing and equipment.....	1,630,000
11	Employment assistance.....	2,818,300
12	Respite care program.....	<u>7,100,000</u>
13	GROSS APPROPRIATION.....	\$ 94,668,800
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues.....	48,813,500
17	Special revenue funds:	
18	Tobacco settlement revenue.....	5,761,000
19	Total other state restricted revenues.....	2,600,000
20	State general fund/general purpose.....	\$ 37,494,300
21	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
22	Full-time equated classified positions.....	333.7
23	Medical services administration--333.7 FTE positions.	\$ 42,419,700
24	Facility inspection contract - state police.....	132,800
25	MIChild administration.....	<u>4,527,800</u>
26	GROSS APPROPRIATION.....	\$ 47,080,300

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1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues.....	30,839,700
4	State general fund/general purpose..... \$	16,240,600
5	Sec. 119. MEDICAL SERVICES	
6	Hospital services and therapy..... \$	780,664,100
7	Hospital disproportionate share and uncompensated	
8	care payments.....	49,000,000
9	Physician services.....	154,913,500
10	Medicare premium payments.....	153,456,600
11	Pharmaceutical services.....	595,338,300
12	Home health services.....	30,171,300
13	Transportation.....	8,016,000
14	Auxiliary medical services.....	89,849,200
15	Ambulance services.....	6,250,100
16	Long-term care services.....	1,101,251,200
17	Home and community based waiver program.....	162,300,100
18	Elder prescription insurance coverage.....	145,000,000
19	Health maintenance organizations.....	1,438,624,800
20	MIChild program.....	57,067,100
21	Personal care services.....	22,236,200
22	Maternal and child health.....	9,234,500
23	Adult home help.....	196,378,200
24	Social services to the physically disabled.....	1,412,200
25	MIFamily plan.....	191,091,900
26	Subtotal basic medical services program.....	5,192,255,300

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1	School based services.....	65,094,200
2	Special adjustor payments.....	1,014,000,900
3	Subtotal special medical services payments.....	<u>1,079,095,100</u>
4	GROSS APPROPRIATION.....	\$ 6,271,350,400
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	3,573,123,200
8	Special revenue funds:	
9	Total local revenues.....	873,493,700
10	Total private revenues.....	13,126,700
11	Tobacco settlement revenue.....	65,007,200
12	Total other state restricted revenues.....	628,975,800
13	State general fund/general purpose.....	\$ 1,117,623,800
14	Sec. 120. INFORMATION TECHNOLOGY	
15	Information technology services and projects.....	\$ <u>35,834,300</u>
16	GROSS APPROPRIATION.....	\$ 35,834,300
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	Interdepartmental grant from the department of	
20	corrections.....	142,700
21	Federal revenues:	
22	Federal revenues.....	18,685,200
23	Special revenue funds:	
24	Total other state restricted revenues.....	1,793,800
25	State general fund/general purpose.....	\$ 15,212,600
26	Sec. 121. EARLY RETIREMENT SAVINGS	

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1	Early retirement savings.....	\$	<u>(100)</u>
2	GROSS APPROPRIATION.....	\$	(100)
3	Appropriated from:		
4	State general fund/general purpose.....	\$	(100)

5

6

7 PART 2

8 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003

9 **GENERAL SECTIONS**

10 Sec. 201. Pursuant to section 30 of article IX of the state consti-
11 tution of 1963, total state spending from state resources under part 1
12 for fiscal year 2002-2003 is \$3,346,102,900.00 and state spending from
13 state resources to be paid to local units of government for fiscal year
14 2002-2003 is [\$1,042,535,700.00]. The itemized statement below identifies
15 appropriations from which spending to units of local government will
16 occur:

17 DEPARTMENT OF COMMUNITY HEALTH

18 DEPARTMENTWIDE ADMINISTRATION

19	Departmental administration and management.....	\$	15,656,500
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20	Rural health services.....		35,000
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21 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

22 AND SPECIAL PROJECTS

23	Mental health initiatives for older persons.....		1,165,800
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24 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

25 PROGRAMS

26	Pilot projects in prevention for adults and children.		80,000
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1	State disability assistance program substance abuse	
2	services.....	6,600,000
3	Community substance abuse prevention, education,	
4	and treatment programs.....	27,270,500
5	Medicaid mental health services.....	596,265,400
6	Community mental health non-Medicaid services.....	[274,914,700]
7	Multicultural services.....	3,848,000
8	Medicaid substance abuse services.....	12,230,100
9	Respite services.....	3,318,600
10	Adolescent mental health services.....	500,000
11	INFECTIOUS DISEASE CONTROL	
12	AIDS prevention, testing and care programs.....	1,466,800
13	Immunization local agreements.....	2,973,900
14	Sexually transmitted disease control local agreements	452,900
15	LOCAL HEALTH ADMINISTRATION AND GRANTS	
16	Local public health operations.....	43,123,700
17	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
18	PROMOTION	
19	Cancer prevention and control program.....	722,400
20	Diabetes and kidney program.....	909,000
21	Smoking prevention program.....	1,380,800
22	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
23	Adolescent and child health care services.....	1,361,600
24	Childhood lead program.....	85,000
25	Family planning local agreements.....	1,301,400
26	Local MCH services.....	3,246,100

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1	Omnibus budget reconciliation act implementation.....	2,152,700
2	Pregnancy prevention program.....	4,019,600
3	Prenatal care outreach and service delivery support..	1,235,000
4	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
5	Case management services.....	3,319,900
6	MEDICAL SERVICES	
7	Transportation.....	866,200
8	OFFICE OF SERVICES TO THE AGING	
9	Community services.....	13,292,900
10	Nutrition services.....	12,848,500
11	Senior volunteer services.....	841,400
12	CRIME VICTIM SERVICES COMMISSION	
13	Crime victim rights services grants.....	<u>5,051,300</u>
14	TOTAL OF PAYMENTS TO LOCAL UNITS	
15	OF GOVERNMENT.....	\$ [1,042,535,700]

16 Sec. 202. (1) The appropriations authorized under this act are
17 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
18 18.1594.

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

21 Sec. 203. As used in this act:

22 (a) "ACCESS" means Arab community center for economic and social
23 services.

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

25 (c) "CMHSP" means a community mental health services program as
26 that term is defined in section 100a of the mental health code, 1974
27 PA 258, MCL 330.1100a.

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

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

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

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

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

8 (i) "EPSDT" means early and periodic screening, diagnosis, and
9 treatment.

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

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

12 (l) "Health plan" means, at a minimum, an organization that meets
13 the criteria for delivering the comprehensive package of services under
14 the department's comprehensive health plan.

15 (m) "HIV" means human immunodeficiency virus.

16 (n) "HMO" means health maintenance organization.

17 (o) "IDEA" means individual disability education act.

18 (p) "MCH" means maternal and child health.

19 (q) "MSS/ISS" means maternal and infant support services.

20 (r) "Title XVIII" means title XVIII of the social security act,
21 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to
22 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to
23 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and
24 1395bbb to 1395ggg.

25 (s) "Title XIX" means title XIX of the social security act, chapter
26 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6, and 1396r-8 to 1396v.

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1 (t) "Title XX" means title XX of the social security act, chapter
2 531, 49 U.S.C. 1397 to 1397f.

3 (u) "WIC" means women, infants, and children supplemental nutrition
4 program.

5 Sec. 204. The department of civil service shall bill departments
6 and agencies at the end of the first fiscal quarter for the 1% charge
7 authorized by section 5 of article XI of the state constitution of 1963.
8 Payments shall be made for the total amount of the billing by the end of
9 the second fiscal quarter.

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

16 (2) The state budget director shall grant exceptions to this hiring
17 freeze when the state budget director believes that the hiring freeze
18 will result in rendering a state department or agency unable to deliver
19 basic services, cause loss of revenue to the state, result in the inabil-
20 ity of the state to receive federal funds, or would necessitate addi-
21 tional expenditures that exceed any savings from maintaining a vacancy.
22 The state budget director shall report quarterly to the chairpersons of
23 the senate and house of representatives standing committees on appropria-
24 tions the number of exceptions to the hiring freeze approved during the
25 previous quarter and the reasons to justify the exception.

26 Sec. 206. (1) In addition to the funds appropriated in part 1,
27 there is appropriated an amount not to exceed \$100,000,000.00 for federal

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1 contingency funds. These funds are not available for expenditure until
2 they have been transferred to another line item in this act under
3 section 393(2) of the management and budget act, 1984 PA 431,
4 MCL 18.1393.

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

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

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

21 Sec. 207. At least 120 days before beginning any effort to privat-
22 ize, the department shall submit a complete project plan to the appropri-
23 ate senate and house of representatives appropriations subcommittees and
24 the senate and house fiscal agencies. The plan shall include the cri-
25 teria under which the privatization initiative will be evaluated. The
26 evaluation shall be completed and submitted to the appropriate senate and

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1 house of representatives appropriations subcommittees and the senate and
2 house fiscal agencies within 30 months.

3 Sec. 208. Unless otherwise specified, the department shall use the
4 Internet to fulfill the reporting requirements of this act. This may
5 include transmission of reports via electronic mail to the recipients
6 identified for each reporting requirement or it may include placement of
7 reports on the Internet or Intranet site. Quarterly, the department
8 shall provide to the house of representatives and senate appropriations
9 subcommittees' members, the state budget office, and the house and senate
10 fiscal agencies an electronic and paper listing of the reports submitted
11 during the most recent 3-month period along with the Internet or Intranet
12 site of each report, if any.

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

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

20 Sec. 210. (1) The director shall take all reasonable steps to
21 ensure businesses in deprived and depressed communities compete for and
22 perform contracts to provide services or supplies, or both. The director
23 shall strongly encourage firms with which the department contracts to
24 subcontract with certified businesses in depressed and deprived communi-
25 ties for services, supplies, or both.

26 (2) The director shall take all reasonable steps to ensure equal
27 opportunity for all who compete for and perform contracts to provide

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1 services or supplies, or both, for the department. The director shall
2 strongly encourage firms with which the department contracts to provide
3 equal opportunity for subcontractors to provide services or supplies, or
4 both.

5 Sec. 211. If the revenue collected by the department from fees and
6 collections exceeds the amount appropriated in part 1, the revenue may be
7 carried forward with the approval of the state budget director into the
8 subsequent fiscal year. The revenue carried forward under this section
9 shall be used as the first source of funds in the subsequent fiscal
10 year.

11 Sec. 212. (1) From the amounts appropriated in part 1, no greater
12 than the following amounts are supported with federal maternal and child
13 health block grant, preventive health and health services block grant,
14 substance abuse block grant, healthy Michigan fund, and Michigan health
15 initiative funds:

16	(a) Maternal and child health block grant.....	\$	20,627,000
17	(b) Preventive health and health services block grant		6,115,300
18	(c) Substance abuse block grant.....		61,371,200
19	(d) Healthy Michigan fund.....		34,865,900
20	(e) Michigan health initiative.....		9,060,200

21 (2) On or before February 1, 2003, the department shall report to
22 the house of representatives and senate appropriations subcommittees on
23 community health, the house and senate fiscal agencies, and the state
24 budget director on the detailed name and amounts of federal, restricted,
25 private, and local sources of revenue that support the appropriations in
26 each of the line items in part 1 of this act.

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(3) Upon the release of the fiscal year 2003-2004 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2002-2003 executive budget proposal.

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

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by January 1, 2003, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

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

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

(c) Eligibility criteria for program participation and maximum benefit levels where applicable.

(d) Outcome measures to be used to evaluate programs.

(e) Any other information considered necessary by the house of representatives or senate appropriations committees or the state budget director.

Sec. 214. The use of state restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts

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1 and deposited in the healthy Michigan fund shall not be used for lobbying
2 as defined in 1978 PA 472, MCL 4.411 to 4.431.

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

9 (2) The department's ability to satisfy appropriation deductions in
10 part 1 shall not be limited to collections and accruals pertaining to
11 services provided in fiscal year 2002-2003, but shall also include reim-
12 bursements, refunds, adjustments, and settlements from prior years.

13 (3) The department shall report by March 15, 2003 and September 15,
14 2003 to the house of representatives and senate appropriations subcommit-
15 tees on community health on all reimbursements, refunds, adjustments, and
16 settlements from prior years.

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

25 Sec. 219. (1) The department may contract with the Michigan public
26 health institute for the design and implementation of projects and for
27 other public health related activities prescribed in section 2611 of the

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1 public health code, 1978 PA 368, MCL 333.2611. The department may
2 develop a master agreement with the institute to carry out these purposes
3 for up to a 3-year period. The department shall report to the house of
4 representatives and senate appropriations subcommittees on community
5 health, the house and senate fiscal agencies, and the state budget direc-
6 tor on or before November 1, 2002 and May 1, 2003 all of the following:

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

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

11 (c) The expected project duration.

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

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

21 (3) On or before September 30, 2003, the department shall provide to
22 the same parties listed in subsection (1) a copy of all reports, studies,
23 and publications produced by the Michigan public health institute, its
24 subcontractors, or the department with the funds appropriated in part 1
25 and allocated to the Michigan public health institute.

26 Sec. 220. All contracts with the Michigan public health institute
27 funded with appropriations in part 1 shall include a requirement that the

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1 Michigan public health institute submit to financial and performance
2 audits by the state auditor general of projects funded with state
3 appropriations.

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

10 Sec. 224. It is the intent of the legislature that, from the funds
11 appropriated in part 1, reimbursement rates be raised by not less than 5%
12 for the following providers: community mental health Medicaid, community
13 mental health non-Medicaid, Medicaid substance abuse, non-Medicaid sub-
14 stance abuse, local public health, children's waiver, family support sub-
15 sidy, children's special health care, the conveyor contract, senior vol-
16 unteer services, hospital inpatient services, hospital outpatient serv-
17 ices, graduate medical education, physician services, pharmaceutical
18 services, home health services, transportation services, auxiliary medi-
19 cal services, ambulance services, long-term care services, the home and
20 community based waiver, health maintenance organizations, adult home
21 help, social services to the physically disabled, and personal care
22 services.

23 Sec. 259. From the funds appropriated in part 1 for information
24 technology, the department shall pay user fees to the department of
25 information technology for technology related services and projects. The
26 user fees are subject to provisions of any interagency agreement between
27 the department and the department of information technology.

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1 Sec. 260. Amounts appropriated in part 1 for information technology
2 may be designated as work projects and carried forward to support tech-
3 nology projects under the direction of the department of information
4 technology. Funds designated in this manner are not available for expen-
5 diture until approved as work projects under section 451a of the manage-
6 ment and budget act, 1984 PA 431, MCL 18.1451a.

7 Sec. 261. The negative appropriation in part 1 for early retirement
8 savings represents savings from the state's 2002 early retirement
9 program. Not later than November 15, 2002, the state budget director
10 shall request legislative transfers under section 393(2) of the manage-
11 ment and budget act, 1984 PA 431, MCL 18.1393, to apply the early retire-
12 ment savings to the appropriated line items affected by the early retire-
13 ment program.

14 Sec. 262. (1) As a condition of expending funds appropriated in
15 part 1, the department shall provide the members of the house of repre-
16 sentatives and senate appropriations subcommittees on [community health] and
17 the house and senate fiscal agencies with a written explanation of the
18 reason or reasons why the department did not fully expend appropriated
19 funds each time any of the following occurs:

20 (a) A legislative transfer is proposed that would remove 10% or more
21 of the funding in a line item.

22 (b) A legislative transfer is proposed that would bring the total of
23 year-to-date transfers out of that line item to 10% or more of the origi-
24 nally appropriated amount.

25 (c) A legislative transfer is proposed that would remove funding in
26 a line item that is the subject of boilerplate language expressing a
27 legislative intent for program implementation.

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1 (d) When it appears that 10% or more of a line item will lapse to
2 the general fund at the close of the fiscal year.

3 (e) When it appears that 10% or more of a line item will be proposed
4 to be included in a work project, or when the amount that may be included
5 in a work project plus the sum of legislative transfers out of the line
6 item will total 10% or more of the amount originally appropriated.

7 (2) A written explanation required by subsection (1)(a), (b), or (c)
8 shall be provided on the same day that the department of management and
9 budget requests approval of the legislative transfer. A written explana-
10 tion required by subsection (1)(d) or (e) shall be provided by September
11 15, 2003.

12 (3) In addition, a written explanation that is provided with regard
13 to an appropriation that is the subject of boilerplate language described
14 in subsection (1)(c), whether or not the explanation is provided to
15 comply with subsection (1)(c) or another subdivision of subsection (1),
16 shall include a copy of the applicable boilerplate language.

17 **DEPARTMENTWIDE ADMINISTRATION**

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

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

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

5 Sec. 304. The funds appropriated in part 1 for the Michigan essen-
6 tial health care provider program may also provide loan repayment for
7 dentists that fit the criteria established by part 27 of the public
8 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

9 Sec. 305. The department is directed to continue support of multi-
10 cultural agencies that provide primary care services from the funds
11 appropriated in part 1.

12 [Sec. 307. From the funds appropriated in part 1 for primary care
13 services, an amount not to exceed \$5,490,900.00 is appropriated to
14 enhance the service capacity of the federally qualified health centers
15 and other health centers which are similar to federally qualified health
16 centers, and \$150,000.00 is appropriated to the Sterling area health center.]

17 Sec. 308. From the funds appropriated in part 1 for primary care
18 services, \$250,000.00 may be allocated to free health clinics operating
19 in the state. An advisory committee may be appointed by the department
20 and include not less than 4 members representing free health clinics, 1
21 member representing the Michigan state medical society, 1 member repre-
22 senting the Michigan health and hospital association, and 1 member repre-
23 senting nurse practitioners. Health clinics receiving funding under this
24 section shall register with the department by submitting a form to be
25 designed by the committee. For the purpose of this appropriation, free
26 health clinics are health care facilities that provide services without
27 charge or compensation.

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1 Sec. 311. From the amounts appropriated in part 1 for palliative
2 and end of life care, \$316,200.00 shall be allocated for education pro-
3 grams on and promotion of palliative care, hospice, and end of life
4 care. The department shall provide a report on the interim results of
5 the hospice pilot project to the house of representatives and senate
6 appropriations subcommittees on community health and the house and senate
7 fiscal agencies by October 1, 2002.

8 Sec. 312. From the funds appropriated in part 1 for palliative and
9 hospice care, the department shall allocate \$300,000.00 to the Michigan
10 partnership for the advancement of end-of-life care. The funds shall be
11 used for the continued development and implementation of the strategic
12 plan to improve end-of-life care in Michigan. It is the intent of the
13 legislature that the amount of this grant shall decrease by \$100,000.00
14 in each of the next 3 fiscal years.

15 Sec. 313. By November 1, 2002, the department shall report to the
16 house of representatives and senate appropriations subcommittees on com-
17 munity health, the house and senate fiscal agencies, and the state budget
18 director on activities undertaken by the department to address compulsive
19 gambling.

20 **MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION**
21 **AND SPECIAL PROJECTS**

22 Sec. 350. The department may enter into a contract with the protec-
23 tion and advocacy service, authorized under section 931 of the mental
24 health code, 1974 PA 258, MCL 330.1931, or a similar organization to
25 provide legal services for purposes of gaining and maintaining occupancy

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1 in a community living arrangement which is under lease or contract with
2 the department or a community mental health services program to provide
3 services to persons with mental illness or developmental disability.

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

7 **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**

8 **PROGRAMS**

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

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

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

19 (c) The coordination of inpatient and outpatient hospital services
20 through agreements with state-operated psychiatric hospitals, units, and
21 centers in facilities owned or leased by the state, and privately-owned
22 hospitals, units, and centers licensed by the state pursuant to sections
23 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to
24 330.1149b.

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1 (d) Individualized plans of service that are sufficient to meet the
2 needs of individuals, including those discharged from psychiatric
3 hospitals or centers, and that ensure the full range of recipient needs
4 is addressed through the CMHSP's program or through assistance with
5 locating and obtaining services to meet these needs.

6 (e) A system of case management to monitor and ensure the provision
7 of services consistent with the individualized plan of services or
8 supports.

9 (f) A system of continuous quality improvement.

10 (g) A system to monitor and evaluate the mental health services
11 provided.

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

15 (2) In partnership with CMHSPs, the department shall continue the
16 process to ensure the long-term viability of a single entry and exit and
17 locally controlled community mental health system.

18 (3) A contract between a CMHSP and the department and any other
19 state department or agency shall not be altered or modified without a
20 prior written agreement of the parties to the contract.

21 Sec. 402. (1) From funds appropriated in part 1, final authoriza-
22 tions to CMHSPs shall be made upon the execution of contracts between the
23 department and CMHSPs. The contracts shall contain an approved plan and
24 budget as well as policies and procedures governing the obligations and
25 responsibilities of both parties to the contracts. Each contract with a
26 CMHSP that the department is authorized to enter into under this
27 subsection shall include a provision that the contract is not valid

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1 unless the total dollar obligation for all of the contracts between the
2 department and the CMHSPs entered into under this subsection for fiscal
3 year 2002-2003 does not exceed the amount of money appropriated in part 1
4 for the contracts authorized under this subsection.

5 (2) The department shall immediately report to the senate and house
6 of representatives appropriations subcommittees on community health, the
7 senate and house fiscal agencies, and the state budget director if either
8 of the following occurs:

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

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

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

15 Sec. 403. From the funds appropriated in part 1 for multicultural
16 services, the department shall ensure that CMHSPs continue contracts with
17 multicultural services providers.

18 Sec. 404. (1) Not later than May 31 of each fiscal year, the
19 department shall provide a report on the community mental health services
20 programs to the members of the house of representatives and senate appro-
21 priations subcommittees on community health, the house and senate fiscal
22 agencies, and the state budget director that includes the information
23 required by this section.

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

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1 (a) A demographic description of service recipients which,
2 minimally, shall include reimbursement eligibility, client population,
3 age, ethnicity, housing arrangements, and diagnosis.

4 (b) When the encounter data is available, a breakdown of clients
5 served, by diagnosis. As used in this subdivision, "diagnosis" means a
6 recipient's primary diagnosis, stated as a specifically named mental ill-
7 ness, emotional disorder, or developmental disability corresponding to
8 terminology employed in the latest edition of the American psychiatric
9 association's diagnostic and statistical manual.

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

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

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

19 (f) Information about access to community mental health services
20 programs which shall include, but not be limited to, the following:

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

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

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

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

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

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

8 (i) An estimate of the number of FTEs employed by the CMHSPs or con-
9 tracted with directly by the CMHSPs as of September 30, 2002 and an esti-
10 mate of the number of FTEs employed through contracts with provider
11 organizations as of September 30, 2002.

12 (j) Lapses and carryforwards during fiscal year 2001-2002 for
13 CMHSPs.

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

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

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

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

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

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

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1 Sec. 405. It is the intent of the legislature that the employee
2 wage pass-through funded to the community mental health services programs
3 for direct care workers in local residential settings and for paraprofes-
4 sional and other nonprofessional direct care workers in day programs,
5 supported employment, and other vocational programs shall continue to be
6 paid to direct care workers.

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

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

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

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1 (2) The department shall establish a fee schedule for providing
2 substance abuse services and charge participants in accordance with their
3 ability to pay. Any changes in the fee schedule shall be developed by
4 the department with input from substance abuse coordinating agencies.

5 Sec. 408. (1) By April 15, 2003, the department shall report the
6 following data from fiscal year 2001-2002 on substance abuse prevention,
7 education, and treatment programs to the senate and house of representa-
8 tives appropriations subcommittees on community health, the senate and
9 house fiscal agencies, and the state budget office:

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

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

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

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

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

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

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

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

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

23 Sec. 412. The department shall contract directly with the Salvation
24 Army harbor light program and Salvation Army turning point of west
25 Michigan to provide non-Medicaid substance abuse services at not less
26 than the amount contracted for in fiscal year 2001-2002. To fund the
27 contracts described in this section, the department shall make an

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1 administrative allocation from its existing appropriation of not less
2 than 10% of the amount contracted for in fiscal year 2001-2002 for these
3 programs of the Salvation Army.

4 Sec. 413. By October 10, 2002, the department shall report to the
5 house of representatives and senate appropriations subcommittees on com-
6 munity health and the house and senate fiscal agencies on the methodology
7 utilized and the adjustments made in recalculating the capitation rates
8 payable to CMHSPs and other managing entities under the federal waiver
9 for Michigan managed specialty services and supports program.

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

22 Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceuti-
23 cal services, community mental health boards shall not be held liable for
24 the cost of prescribed psychotropic medications during fiscal year
25 2002-2003.

26 (2) In calculating the available amount of lapses for use in
27 offsetting overexpenditures resulting from the implementation of this

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1 section, those lapses credited to community mental health line items
2 shall only include appropriation lapses in excess of the amount calcu-
3 lated for the carryforward defined in state statute.

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

9 (4) Should expenditures for Medicaid mental health services and
10 Medicaid substance abuse services exceed the appropriations contemplated
11 in part 1 due to an increase in the number or mix of Medicaid eligibles,
12 the department shall request the transfer of appropriation lapses or sup-
13 plemental funding as may be necessary to offset such expenditures.

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

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

23 (3) The [] projects described in this section shall be completely
24 voluntary and be based on projects proposed by the community mental
25 health boards. Each proposed [] project shall be consistent with the
26 scope, duration, risks, and inducements contained in the plan for
27 competitive procurement that the department submits to the centers for

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1 Medicare and Medicaid services as part of the renewal request for the
2 section 1915(b) managed specialty services waiver.

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

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

17 Sec. 419. From the funds appropriated in part 1 for community sub-
18 stance abuse prevention, education, and treatment programs, the depart-
19 ment shall include a provision in any contract with a substance abuse
20 coordinating agency that requires the department to reallocate by
21 January 1, 2004 up to 5% of the unexpended federal block grant revenue
22 from fiscal year 2002-2003 to the substance abuse coordinating agency.

23 Sec. 421. Of the funds appropriated in part 1 for community sub-
24 stance abuse prevention, education, and treatment programs, \$1,100,000.00
25 may be allocated to provide treatment services for substance abusing non-
26 violent offenders identified by the drug courts administered by the state
27 court administrative office as described in section 322 of 2000 PA 264.

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1 Sec. 422. (1) It is the intent of the legislature that the
2 department support pilot projects by CMHSPs to control and manage psycho-
3 tropic drug costs associated with the managed specialty services and sup-
4 ports program.

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

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

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

14 Sec. 423. The department shall work cooperatively with the family
15 independence agency and the departments of corrections, education, state
16 police, and military and veterans affairs to coordinate and improve the
17 delivery of substance abuse prevention, education, and treatment programs
18 within existing appropriations. The department shall report by March 15,
19 2003 on the outcomes of this cooperative effort to the house of represen-
20 tatives and senate appropriations subcommittees on community health, the
21 house and senate fiscal agencies, and the state budget director.

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

26 (a) A "clean claim" as described in section 111i of the social
27 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after

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1 receipt of the claim by the community mental health services program. A
2 clean claim that is not paid within this time frame shall bear simple
3 interest at a rate of 12% per annum.

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

7 (c) A health professional and a health facility have 30 days after
8 receipt of a notice that a claim or a portion of a claim is defective
9 within which to correct the defect. The community mental health services
10 program shall pay the claim within 30 days after the defect is
11 corrected.

12 Sec. 425. By April 1, 2003, the department, in conjunction with the
13 department of corrections, shall report the following data from fiscal
14 year 2001-2002 on mental health and substance abuse services to the house
15 of representatives and senate appropriations subcommittees on community
16 health and corrections, the house and senate fiscal agencies, and the
17 state budget office:

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

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

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

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1 Sec. 426. (1) By May 31, 2003, the department, in conjunction with
2 the family independence agency, shall provide the senate and house
3 appropriations subcommittees on community health, the senate and house
4 fiscal agencies, and the state budget director with a report on mental
5 health services to minors assigned or referred by the courts and found to
6 meet CMHSP clinical and financial eligibility determination requirements
7 for fiscal year 2001-2002.

8 (2) The report described in subsection (1) shall contain information
9 for each CMHSP calculated by the department from fiscal year 2001-2002
10 data reporting requirements and a statewide summary, each of which shall
11 contain at least the following information:

12 (a) The number of minors meeting the criteria in subsection (1) and
13 evaluated as a result of court assignment or referral.

14 (b) The number of minors meeting the criteria in subsection (1) and
15 receiving treatment after the court assignment or referral.

16 (c) A breakdown of minors meeting the criteria in subsection (1)
17 receiving treatment, by the following categories:

18 (i) Age.

19 (ii) Primary diagnosis, stated as a specifically named condition
20 corresponding to the terminology employed in the latest version of the
21 diagnostic and statistical manual of the American psychiatric
22 association.

23 (iii) Whether or not the score on the state designated outcome
24 instrument indicated marked or severe functional impairment.

25 (iv) Average length of stay in CMHSP treatment.

26 (v) Unduplicated count of the number receiving residential service
27 and average length of stay in residential service.

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1 (vi) Number of recipients served under each categorical children's
2 service heading maintained by the department for standard reporting
3 purposes.

4 Sec. 427. (1) Unless required by federal law, the department shall
5 not enact any contract changes concerning capitation payments to CMHSPs
6 for Medicaid eligibles unless agreed to by contract with CMHSPs.

7 (2) In the event that the federal government mandates that the
8 department make any changes in eligibility or payment rates for CMHSP
9 Medicaid capitation payments, the department shall inform the members of
10 the senate and house of representatives appropriations subcommittees on
11 community health, the senate and house fiscal agencies, and the state
12 budget director within 2 weeks of the estimated change in CMH Medicaid
13 expenditures due to the federally mandated policy change.

14 (3) The department may not alter CMH Medicaid capitation rates in
15 order to offset any increases in costs due to increases in Medicaid case-
16 load or case mixture.

17 (4) Before submitting any state plan amendment to the federal waiver
18 for the managed specialty services and supports program to the centers
19 for Medicare and Medicaid services, the department shall submit a copy of
20 the amendment to the legislature.

21 Sec. 428. (1) Subject to the conditions specified in subsection
22 (4), a CMHSP, under contract with the department to provide comprehensive
23 community mental health services, that was constituted as an authority,
24 regional partnership, or other similar entity approved by the department,
25 as of June 1, 2002, may be eligible to receive an increase in their
26 Medicaid capitation rates of up to 5.3% effective October 1, 2002.

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1 (2) Subject to the conditions specified in subsection (4), a CMHSP
2 under contract with the department to provide comprehensive community
3 mental health services that reconstitutes as an authority, regional part-
4 nership, or other similar entity approved by the department, after June
5 1, 2002 but before October 1, 2002, may be eligible to receive an
6 increase in their Medicaid capitation rates of up to 4.4% effective
7 October 1, 2002.

8 (3) Effective October 1, 2002 and subject to the conditions speci-
9 fied in subsection (4), a CMHSP under contract with the department to
10 provide comprehensive community mental health services that fails to
11 become an authority, regional partnership, or other similar entity
12 approved by the department, may have their capitation rates reduced by
13 2%. Should the entity subsequently become an authority, regional part-
14 nership, or other similar entity approved by the department, that entity
15 may have its capitation rates restored and may receive a capitation rate
16 increase of up to 1.8% as of the effective date that the entity obtains
17 its authority, regional partnership, or other similar entity approved by
18 the department status.

19 (4) The ability of an authority, regional partnership, or other sim-
20 ilar entity approved by the department to receive a capitation rate
21 increase as specified in subsection (1), (2), or (3) is predicated on the
22 capacity of that entity to provide, from internal resources, funds that
23 can be used as a bona fide source for the state match required under the
24 Medicaid program. These funds may not include either state funds
25 received by a CMHSP for services provided to non-Medicaid recipients or
26 the state matching portion of the Medicaid capitation payments made to a
27 CMHSP.

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1 (5) No later than October 15, 2002, the department may submit a
2 state plan amendment to effectuate the requirements of this section and
3 shall immediately implement the requirements of this section upon receipt
4 of approval of the state plan amendment by the centers for Medicare and
5 Medicaid services.

6 Sec. 430. From the funds appropriated in part 1 for community
7 mental health non-Medicaid services, CMHSPs that contract with local pro-
8 viders of mental health services and services for persons with develop-
9 mental disabilities, under a capitated reimbursement system, may include
10 a provision in the contract that allows the providers to carry forward up
11 to 5% of unobligated capitation payments.

12 Sec. 431. From the funds appropriated in part 1 for Medicaid mental
13 health services, CMHSPs that contract with local providers of mental
14 health services and services for persons with developmental disabilities,
15 under a capitated reimbursement system, may include a provision in the
16 contract that allows the providers to carry forward up to 5% of unobli-
17 gated capitation payments.

18 Sec. 432. It is the intent of the legislature that all community
19 mental health services programs establish regular ongoing discussions
20 with local providers of mental health services, substance abuse services,
21 and services to persons with developmental disabilities in preparation
22 for competitive procurement of these services as described in the plan
23 approved by the centers for Medicare and Medicaid services. These dis-
24 cussions shall include representatives of the county or counties included
25 in the service area of the community mental health services program and
26 should take into account maintaining continuity of care for patients and

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1 service recipients in the transition to competitive procurement of
2 services.

3 Sec. 435. A county required under the provisions of the mental
4 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching
5 funds to a CMHSP for mental health services rendered to residents in its
6 jurisdiction shall pay the matching funds in equal installments on not
7 less than a quarterly basis throughout the fiscal year, with the first
8 payment being made by October 1, 2002.

9 Sec. 436. CMHSPs, regional partnerships, and other entities who are
10 chosen to provide public mental health services through the 1915(b) spe-
11 cialty services and support waiver bidding process shall endeavor to min-
12 imize disruptions in services to their clientele due to potential changes
13 in their contracts with providers.

14 Sec. 437. A regional affiliation or individual CMHSP serving as a
15 prepaid health plan may retain up to 7.5% of any surplus of Medicaid rev-
16 enue over expenditures as authorized by section 226(2)(b) of the mental
17 health code, 1974 PA 258, MCL 330.1226. Any surplus retained by a
18 regional affiliation or individual CMHSP shall be retained as local funds
19 by that regional affiliation or individual CMHSP.

20 Sec. 438. The department shall establish a separate contingency
21 appropriations account, in an amount not to exceed \$100.00. The sole
22 purpose of this account shall be to provide funding for an increase in
23 Medicaid capitation rates, payable to community mental health services
24 programs, for Medicaid mental health services.

25 Sec. 439. (1) It is the intent of the legislature that the depart-
26 ment, in conjunction with CMHSPs, support pilot projects that facilitate

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1 the movement of adults with mental illness from state psychiatric
2 hospitals to community residential settings.

3 (2) The purpose of the pilot projects is to encourage the placement
4 of persons with mental illness in community residential settings who may
5 require any of the following:

6 (a) A secured and supervised living environment.

7 (b) Assistance in taking prescribed medications.

8 (c) Intensive case management services.

9 (d) Assertive community treatment team services.

10 (e) Alcohol or substance abuse treatment and counseling.

11 (f) Individual or group therapy.

12 (g) Day or partial day programming activities.

13 (h) Vocational, educational, or self-help training or activities.

14 (i) Other services prescribed to treat a person's mental illness to
15 prevent the need for hospitalization.

16 (3) The pilot projects described in this section shall be completely
17 voluntary.

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

23 [Sec. 440. Of the funds appropriated in part 1 for adolescent
24 mental health services, \$500,000.00 shall be allocated to Wayne
25 State University for the training of mental health professionals in child and
adolescent mental health in the community.]

26 Sec. 441. The department shall review the methodology utilized in
27 determining each CMHSP's intensity factor in calculating the capitation

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1 rates payable to CMHSPs under the federal waiver for the Michigan managed
2 specialty services and supports program. By October 1, 2002, the depart-
3 ment shall report its findings to members of the house of representatives
4 and senate appropriations subcommittees on community health and the house
5 and senate fiscal agencies.

6 Sec. 442. (1) The department may redirect funds included in part 1
7 for community mental health non-Medicaid services to provide state match
8 for increases in Medicaid funding for the HIFA/MI family program and for
9 economic increases for the Medicaid specialty services and supports
10 program. The redirection may only occur for these 2 purposes.

11 (2) The department must assure that persons eligible for mental
12 health services under the priority population provisions of the mental
13 health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive mandated
14 services under this plan.

15 (3) Capitated payments to CMHSPs for persons that become enrolled in
16 Medicaid as a result of the HIFA/MI family program shall be made at the
17 same rates as payments for current Medicaid beneficiaries.

18 (4) If the department does not receive approval from the centers for
19 Medicare and Medicaid services to implement the HIFA/MI family program,
20 the department shall request a transfer of all general funds redirected
21 for this program back to the community mental health non-Medicaid serv-
22 ices line.

23 (5) The department shall establish a committee composed of represen-
24 tatives of the department and CMHSPs to establish a formula for distribu-
25 tion of payments made available through subsection (1). The committee
26 shall determine the level and cost of mental health services provided as
27 a result of the HIFA/MI family program and determine the amount of

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1 general fund dollars available to serve priority populations as required
2 by the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106. The
3 committee shall report its findings to the house of representatives and
4 senate appropriations subcommittees on community health.

5 Sec. 443. From the funds appropriated in part 1 for pilot projects
6 in prevention for adults and children, the department shall allocate
7 \$80,000.00 to the Michigan Self-Help Clearinghouse project administered
8 through Michigan Protection and Advocacy Service, Inc.

9 Sec. 444. The department shall ensure that appropriate continuum of
10 mental and behavioral health services are available to meet the needs of
11 children which include inpatient services, outpatient services, in-home
12 visits, and family respite care. The department shall also promote
13 mental health preventive measures for children which include school-based
14 risk assessments of children and collaborative efforts between the state,
15 communities, schools, and families.

[Sec. 445. (1) A community mental health services program recipient,
after failing to obtain resolution of a problem through a local CMHSP
grievance process, may request and receive a department organized review of
his or her complaint by a clinician or clinicians independent of the
consumer, provider, and service manager.

(2) This review opportunity shall apply to any CMHSPs determination
resulting in the denial, reduction, or termination of an admission,
availability of care, continued stay or other specialty service or support.

(3) The final decision emanating from the department-organized review
shall be binding on the service manager and provider.

(4) Procedures shall be in place to expedite the opportunity for the
department-organized review in the event emergency circumstances exist.

(5) If the recipient is enrolled in Medicaid and grieving a Medicaid
covered service, nothing in subsections (2) through (4) may supplant the
recipient's right under federal provisions to seek a Medicaid fair hearing.

Sec. 446. Of the funds appropriated in part 1 for community mental
health non-Medicaid services, \$101,000.00 shall be allocated to a crisis
response team pilot project with Clinton-Eaton-Ingham community mental health
services. The pilot project shall compose a team of psychiatric and police
professionals to respond to mental health crises in the community.]

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

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

24 (2) The department shall continue a revenue recapture project to
25 generate additional revenues from third parties related to cases that

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1 have been closed or are inactive. Revenues collected through project
2 efforts are appropriated to the department for departmental costs and
3 contractual fees associated with these retroactive collections and to
4 improve ongoing departmental reimbursement management functions so that
5 the need for retroactive collections will be reduced or eliminated.

6 Sec. 602. Unexpended and unencumbered amounts and accompanying
7 expenditure authorizations up to \$500,000.00 remaining on September 30,
8 2003 from pay telephone revenues and the amounts appropriated in part 1
9 for gifts and bequests for patient living and treatment environments
10 shall be carried forward for 1 fiscal year. The purpose of gifts and
11 bequests for patient living and treatment environments is to use addi-
12 tional private funds to provide specific enhancements for individuals
13 residing at state-operated facilities. Use of the gifts and bequests
14 shall be consistent with the stipulation of the donor. The expected com-
15 pletion date for the use of gifts and bequests donations is within 3
16 years unless otherwise stipulated by the donor.

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

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

26 (a) The number of days of care purchased from state hospitals and
27 centers.

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

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

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

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

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

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

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health.

(4) Upon the closure of state-run operations and after transitional costs have been paid, the remaining balances of funds appropriated for

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1 that operation shall be transferred to CMHSPs responsible for providing
2 services for persons previously served by the operations.

3 Sec. 606. The department may collect revenue for patient reimburse-
4 ment from first- and third-party payers, including Medicaid, to cover the
5 cost of placement in state hospitals and centers. The department is
6 authorized to adjust financing sources for patient reimbursement based on
7 actual revenues earned. If the revenue collected exceeds current year
8 expenditures, the revenue may be carried forward with approval of the
9 state budget director. The revenue carried forward shall be used as a
10 first source of funds in the subsequent year.

11 **PUBLIC HEALTH ADMINISTRATION**

12 Sec. 701. From the funds appropriated in part 1 for minority health
13 grants and contracts, \$45,000.00 shall be allocated to the Ingham County
14 health collaborative.

15 **INFECTIOUS DISEASE CONTROL**

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

20 Sec. 802. In developing and implementing AIDS provider education
21 activities, the department may provide funding to the Michigan state med-
22 ical society to serve as lead agency to convene a consortium of health
23 care providers, to design needed educational efforts, to fund other

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1 statewide provider groups, and to assure implementation of these efforts,
2 in accordance with a plan approved by the department.

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

7 Sec. 805. (1) From the funds appropriated in part 1 for immuniza-
8 tion local agreements, the department shall establish a Natalia Horak and
9 Matthew Knueppel meningitis prevention initiative fund in an amount not
10 to exceed \$500,000.00.

11 (2) The purpose of this fund shall be to provide grants to qualified
12 organizations that will develop education modules targeted towards groups
13 at increased risk of becoming infected with meningitis. The education
14 modules shall provide information on the benefits and risks of vaccina-
15 tion as well as on early detection and treatment for all forms of the
16 disease. Education pertaining to early detection, isolation, and treat-
17 ment may also be developed for primary medical care providers and local
18 health officers.

19 (3) The department shall establish the qualification criteria for
20 organizations and shall provide quarterly reports on this initiative to
21 the senate and house appropriations subcommittees on community health and
22 the senate and house fiscal agencies.

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1 **EPIDEMIOLOGY**

2 Sec. 851. From the funds appropriated in part 1 for asthma preven-
3 tion and control, \$300,000.00 shall be allocated for an asthma interven-
4 tion program, including surveillance, community-based programs, and
5 awareness and education. The department shall seek federal funds as they
6 are made available for asthma programs.

7 Sec. 852. From the funds appropriated in part 1 for bioterrorism
8 preparedness from federal bioterrorism hospital preparedness funding and
9 consistent with federal requirements, the department shall make the fol-
10 lowing allocations: \$300,000.00 to Sault Ste. Marie War Memorial
11 Hospital, \$300,000.00 to Traverse City Munson Healthcare, \$300,000.00 to
12 Battle Creek Health System, \$500,000.00 to Grand Rapids Spectrum Health
13 Network, \$500,000.00 to Sparrow Health System, and \$1,000,000.00 to
14 Detroit Medical Center.

15 Sec. 853. From the funds appropriated in part 1 for epidemiology
16 administration, \$100.00 shall be allocated to allow and support a colla-
17 borative and ongoing research initiative between the department, Michigan
18 State University, and the Michigan farm bureau to be proactive in human
19 health concerns regarding the mutation and transmission of traditionally
20 animal-borne diseases to the human population.

21 Sec. 854. From the funds appropriated in part 1 for epidemiology
22 administration, the department shall allocate \$100,000.00 for a compre-
23 hensive health study of Midland County to the Midland County health
24 department.

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1 LOCAL HEALTH ADMINISTRATION AND GRANTS

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

8 Sec. 902. If a county that has participated in a district health
9 department or an associated arrangement with other local health depart-
10 ments takes action to cease to participate in such an arrangement after
11 October 1, 2002, the department shall have the authority to assess a pen-
12 alty from the local health department's operational accounts in an amount
13 equal to no more than 5% of the local health department's local public
14 health operations funding. This penalty shall only be assessed to the
15 local county that requests the dissolution of the health department.

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

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

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

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

9 (3) Distributions in subsection (1) shall be made only to counties
10 that maintain local spending in fiscal year 2002-2003 of at least the
11 amount expended in fiscal year 1992-1993 for the services described in
12 subsection (1).

13 (4) By April 1, 2003, the department shall make available upon
14 request a report to the senate or house of representatives appropriations
15 subcommittee on community health, the senate or house fiscal agency, or
16 the state budget director on the planned allocation of the funds appro-
17 priated for local public health operations.

18 [Sec. 905. In implementing the new funding distribution methodology
19 developed by the local public health operations funding formula workgroup,
20 the department shall allocate to local health departments in fiscal year
21 2002-2003 no less than 100% of their fiscal year 2001-2002 allocation.

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1 CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH

2 PROMOTION

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

9 Sec. 1002. (1) Provision of the school health education curriculum,
10 such as the Michigan model or another comprehensive school health educa-
11 tion curriculum, shall be in accordance with the health education goals
12 established by the Michigan model for the comprehensive school health
13 education state steering committee. The state steering committee shall
14 be comprised of a representative from each of the following offices and
15 departments:

16 (a) The department of education.

17 (b) The department of community health.

18 (c) The health administration in the department of community
19 health.

20 (d) The bureau of mental health and substance abuse services in the
21 department of community health.

22 (e) The family independence agency.

23 (f) The department of state police.

24 (2) Upon written or oral request, a pupil not less than 18 years of
25 age or a parent or legal guardian of a pupil less than 18 years of age,
26 within a reasonable period of time after the request is made, shall be
27 informed of the content of a course in the health education curriculum

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1 and may examine textbooks and other classroom materials that are provided
2 to the pupil or materials that are presented to the pupil in the
3 classroom. This subsection does not require a school board to permit
4 pupil or parental examination of test questions and answers, scoring
5 keys, or other examination instruments or data used to administer an aca-
6 demic examination.

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

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

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

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

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

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

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

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

7 Sec. 1008. From the amount appropriated in part 1 for the cancer
8 prevention and control program, \$3,100,000.00 shall be allocated to the
9 University of Michigan comprehensive cancer center, Wayne State
10 University Karmanos Cancer Institute, and to Michigan State University
11 for cancer and cancer prevention services and activities, consistent with
12 the current priorities of the Michigan cancer consortium.

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

18 Sec. 1010. Of the funds appropriated in part 1 for the health edu-
19 cation, promotion, and research programs, the department shall allocate
20 not less than \$400,000.00 to implement the osteoporosis prevention and
21 treatment education program targeting women and school health education.
22 As part of the program, the department shall design and implement strate-
23 gies for raising public awareness on the causes and nature of osteopo-
24 rosis, personal risk factors, value of prevention and early detection,
25 and options for diagnosing and treating osteoporosis.

26 Sec. 1011. From the funds appropriated in part 1 for the
27 African-American male health initiative, the department shall provide

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1 funding to support a pilot project for cancer prevention and early
2 detection for high-risk African-American low-income men. The pilot
3 project shall be conducted by a group composed of the department, the
4 Barbara Ann Karmanos Cancer Institute, and federally qualified health
5 centers. Services the pilot project shall make available to uninsured or
6 underinsured high-risk men, subject to informed consent, include screen-
7 ing for prostate cancer and colorectal cancer. Funds may be used for
8 diagnostic services if screening results are abnormal and for treatment
9 services if cancer is diagnosed.

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

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

24 Sec. 1020. From the funds appropriated in part 1 for chronic dis-
25 ease prevention, \$100,000.00 shall be allocated for a childhood and adult
26 arthritis program.

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

6 Sec. 1023. From the funds appropriated in part 1 for physical fit-
7 ness, nutrition, and health, up to \$125,000.00 may be allocated for well-
8 ness programs of the Michigan Athletic Institute.

9 Sec. 1024. From the funds appropriated in part 1 for injury control
10 intervention project, \$100,000.00 shall be allocated for spinal cord
11 injury programs.

12 Sec. 1025. From the funds appropriated in part 1 for the diabetes
13 and kidney program, up to \$50,000.00 shall be allocated to a Battle Creek
14 diabetes and kidney prevention program.

[Sec. 1026. From the funds appropriated in part 1 for chronic disease prevention, \$750,000.00 shall be provided for the David S. Holmes sickle cell anemia program and allocated to the Barbara Ann Karmanos Cancer Institute/Wayne State University and the Children's Hospital of Michigan.

Sec. 1027. From the funds appropriated in part 1 for the African-American male health initiative, \$250,000.00 shall be provided for the David S. Holmes sickle cell anemia program and allocated to the Barbara Ann Karmanos Cancer Institute/Wayne State University and the Children's Hospital of Michigan.

Sec. 1028. From the funds appropriated in part 1 for the African-American male health initiative, \$500,000.00 shall be allocated to the African-American male health initiative program at Henry Ford health system.

Sec. 1029. From the funds appropriated in part 1 for injury control intervention project, \$200,000.00 shall be allocated to the Mohican homeowners association for fire prevention education programming.]

15 COMMUNITY LIVING, CHILDREN, AND FAMILIES

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

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

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

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

8 (ii) Demographic information of populations served including sex,
9 age, and race. Reporting and presentation of demographic data by age
10 shall include the range of ages of 0-17 years and the range of ages of
11 18-23 years.

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

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

15 (v) Total number of claims submitted by payer type, cost and number
16 of services represented by the claims, and the payment rate by payer
17 type.

18 (b) As a condition of the contract, a contract shall include the
19 establishment of a local advisory committee before the planning phase of
20 an adolescent health clinic intended to provide services within that
21 school district. The advisory committee shall be comprised of not less
22 than 50% residents of the local school district, and shall not be com-
23 prised of more than 50% health care providers. A person who is employed
24 by the sponsoring agency shall not have voting privileges as a member of
25 the advisory committee.

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

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

9 (e) Establish and implement a process for billing Medicaid, Medicaid
10 HMOs, and other third party payers. The billing and fee collection pro-
11 cesses shall not breach the confidentiality of the client.

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

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

23 Sec. 1103. Of the funds allocated for adolescent health care serv-
24 ices that are appropriated in part 1 for adolescent and child health care
25 services, each teen center, including alternative models, shall receive
26 funding based upon a formula that includes a base amount equal to the
27 amount received by each center in fiscal year 2000-2001, with the

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1 remaining funds allocated for teen health centers to be distributed based
2 upon the number of users, visits, and services provided.

3 Sec. 1104. Before April 1, 2003, the department shall submit a
4 report to the house and senate fiscal agencies and the state budget
5 director on planned allocations from the amounts appropriated in part 1
6 for local MCH services, prenatal care outreach and service delivery sup-
7 port, family planning local agreements, and pregnancy prevention
8 programs. Using applicable federal definitions, the report shall include
9 information on all of the following:

10 (a) Funding allocations.

11 (b) Actual number of women, children, and/or adolescents served and
12 amounts expended for each group for the fiscal year 2001-2002.

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

20 Sec. 1106. Each family planning program receiving federal title X
21 family planning funds shall be in compliance with all performance and
22 quality assurance indicators that the United States bureau of community
23 health services specifies in the family planning annual report. An
24 agency not in compliance with the indicators shall not receive supplemen-
25 tal or reallocated funds.

26 Sec. 1106a. (1) Federal abstinence money expended in part 1 for the
27 purpose of promoting abstinence education shall provide abstinence

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1 education to teenagers most likely to engage in high-risk behavior as
2 their primary focus, and may include programs that include 9- to
3 17-year-olds. Programs funded must meet all of the following
4 guidelines:

5 (a) Teaches the gains to be realized by abstaining from sexual
6 activity.

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

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

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

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

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

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

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

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

26 (3) Programs and organizations that meet the guidelines of
27 subsection (1) and criteria of subsection (2) shall have the option of

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1 receiving all or part of their funds directly from the department of
2 community health.

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

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

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

14 (2) Not later than November 1, 2002, the department shall make
15 available upon request a report to the senate or house of representatives
16 appropriations subcommittee on community health or the senate or house of
17 representatives standing committee on health policy the number of indi-
18 vidual patients treated, number of procedures performed, and approximate
19 total market value of those procedures through September 30, 2002.

20 Sec. 1110. Agencies that currently receive pregnancy prevention
21 funds and either receive or are eligible for other family planning funds
22 shall have the option of receiving all of their family planning funds
23 directly from the department of community health and be designated as
24 delegate agencies.

25 Sec. 1111. The department shall allocate no less than 87% of the
26 funds appropriated in part 1 for family planning local agreements and the

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1 pregnancy prevention program for the direct provision of family
2 planning/pregnancy prevention services.

3 Sec. 1112. From the funds appropriated for prenatal care outreach
4 and service delivery support, the department shall allocate at least
5 \$1,000,000.00 to communities with high infant mortality rates.

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

12 Sec. 1115. From the funds appropriated in part 1 for special
13 projects, the department shall allocate \$200,000.00 for pilot grants to
14 institutions of higher education to make available a network of resources
15 and support services for students enrolled in the participating institu-
16 tion of higher education who are in need of pregnancy and parenting
17 services. The funds shall also be utilized for administration of the
18 grants and assessment of need. This appropriation shall be established
19 as a 3-year work project. For purposes of this section, "institution of
20 higher education" means a university, college, or community college
21 located in the state of Michigan.

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

26 Sec. 1120. The department shall allocate appropriate funds to local
27 public health departments for the purpose of providing EPSDT, maternal

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1 and infant support services outreach, and other Medicaid outreach and
2 support services.

3 Sec. 1121. From the funds appropriated in part 1 for special
4 projects, \$160,000.00 shall be allocated for the continuation of
5 children's respite services that were funded in fiscal year 2000-2001.

6 Sec. 1124. (1) From the funds appropriated in part 1 from the fed-
7 eral maternal and child health block grant, \$450,000.00 shall be allo-
8 cated if additional block grant funds are available for the statewide
9 fetal infant mortality review network.

10 (2) It is the intent of the legislature that this project shall be
11 funded with a like amount in fiscal year 2003-2004 should federal funds
12 become available.

13 Sec. 1125. Of the funds appropriated in part 1 for adolescent and
14 child health care services, the department shall allocate up to
15 \$1,500,000.00 for an elementary school-based primary health care
16 program. Participating organizations are required to provide a 67% fund-
17 ing match. Participating organizations may bill state or federal insur-
18 ance programs or private or commercial health insurance programs for
19 services provided. A standardized quality assurance system shall be
20 established by the department for participating organizations. A partic-
21 ipating organization shall be eligible to receive a \$25.00 outreach pay-
22 ment through the local health department from the Medicaid outreach pro-
23 gram for each person assisted in completing the application process for
24 MIChild or Medicaid.

25 Sec. 1126. In implementing the early childhood collaborative sec-
26 ondary prevention program, the department shall work cooperatively with
27 the department of education and the family independence agency to address

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1 issues and coordinate activities for community-based collaborative
2 prevention services. The department shall report annually on the out-
3 comes of this collaborative effort to the senate and house of representa-
4 tives appropriations subcommittees on community health and the senate and
5 house fiscal agencies.

6 Sec. 1128. The department shall make every effort to maximize the
7 receipt of federal Medicaid funds to support the activities of the
8 migrant health care line item.

9 Sec. 1129. The department shall provide a report annually to the
10 house of representatives and senate appropriations subcommittees on com-
11 munity health, the house and senate fiscal agencies, and the state budget
12 director on the number of children with elevated blood lead levels. The
13 report shall provide the information by county and shall include the
14 level of blood lead reported.

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25 Sec. 1132. From the funds appropriated in part 1 for local MCH
26 services, \$3,000,000.00 shall be allocated for infant mortality

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1 intervention pilot projects and shall be distributed equally to the
2 cities of Benton Harbor, Battle Creek, Grand Rapids, and Detroit.

3 Sec. 1133. The department shall release infant mortality rate data
4 to all local public health departments no later than 48 hours prior to
5 releasing infant mortality rate data to the public.

6 Sec. 1134. From the funds appropriated in part 1 for special
7 projects, the department shall provide \$100,000.00 to the yellow ribbon
8 suicide prevention program for an adolescent suicide and assessment pilot
9 project.

10 **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

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

16 Sec. 1151. The department may work with local participating agen-
17 cies to define local annual contributions for the farmer's market nutri-
18 tion program, project FRESH, to enable the department to request federal
19 matching funds by April 1, 2003 based on local commitment of funds.

20 **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

21 Sec. 1201. Funds appropriated in part 1 for medical care and treat-
22 ment of children with special health care needs shall be paid according
23 to reimbursement policies determined by the Michigan medical services

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1 program. Exceptions to these policies may be taken with the prior
2 approval of the state budget director.

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

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

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

8 (c) Provide genetic diagnostic and counseling services for eligible
9 families.

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

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

16 **CRIME VICTIM SERVICES COMMISSION**

17 Sec. 1301. The per diem amount authorized for the crime victim
18 services commission is \$50.00.

19 Sec. 1302. From the funds appropriated in part 1 for justice
20 assistance grants, up to \$50,000.00 shall be allocated for expansion of
21 forensic nurse examiner programs to facilitate training for improved evi-
22 dence collection for the prosecution of sexual assault. The funds shall
23 be used for program coordination, training, and counseling. Unexpended
24 funds shall be carried forward.

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1 Sec. 1303. (1) From the funds appropriated in part 1 for crime
2 victim rights services grants, victims of criminal sexual assault shall
3 be eligible to obtain reimbursement for the costs of any medically neces-
4 sary services that may be needed for the collection of evidence used to
5 identify, apprehend, and prosecute the offender or offenders, and that
6 would otherwise be the financial responsibility of the victim.

7 (2) This section does not take effect unless Senate Bill No. 552 of
8 the 91st Legislature is enacted into law, its effective date is a date in
9 fiscal year 2002-2003, and it authorizes the reimbursements described in
10 subsection (1).

11 Sec. 1304. The department may work with the department of state
12 police, the Michigan hospital association, the Michigan state medical
13 society, and the Michigan nurses association to ensure that the recommen-
14 dations included in the "Standard Recommended Procedures for the
15 Emergency Treatment of Sexual Assault Victims" are followed in the col-
16 lection of evidence.

17 **OFFICE OF SERVICES TO THE AGING**

18 Sec. 1401. The appropriation in part 1 to the office of services to
19 the aging, for community and nutrition services and home services, shall
20 be restricted to eligible individuals at least 60 years of age who fail
21 to qualify for home care services under title XVIII, XIX, or XX.

22 Sec. 1403. The office of services to the aging shall require each
23 region to report to the office of services to the aging home delivered
24 meals waiting lists based upon standard criteria. Determining criteria
25 shall include all of the following:

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

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

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

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

7 Sec. 1404. The area agencies and local providers may receive and
8 expend fees for the provision of day care, care management, respite care,
9 and certain eligible home and community-based services. The fees shall
10 be based on a sliding scale, taking client income into consideration.
11 The fees shall be used to expand services.

12 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement
13 funds to the office of services to the aging for the respite care program
14 shall be allocated in accordance with a long-term care plan developed by
15 the long-term care working group established in section 1657 of 1998
16 PA 336 upon implementation of the plan. The use of the funds shall be
17 for direct respite care or adult respite care center services. Not more
18 than 10% of the amount allocated under this section shall be expended for
19 administration and administrative purposes.

20 Sec. 1407. (1) The appropriation of \$761,000.00 of tobacco settle-
21 ment funds to the office of services to the aging for the long-term care
22 advisor shall be allocated in accordance with a long-term care plan
23 developed by the long-term care working group established in section 1657
24 of 1998 PA 336 upon implementation of the plan.

25 (2) Activities of the long-term care advisor shall support awareness
26 for a continuum of care for older adults including assisted living
27 arrangements, and shall promote and support family involvement.

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

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

17 Sec. 1416. The legislature affirms the commitment to provide
18 in-home services, resources, and assistance for the frail elderly who are
19 not being served by the Medicaid home and community services waiver
20 program.

21 **MEDICAL SERVICES ADMINISTRATION**

22 Sec. 1505. The department shall work with the department of career
23 development to explore options available under the ticket to work and
24 work incentives improvement act of 1999, Public Law 106-170, 113
25 Stat. 1860. The department shall provide a report on the options to

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1 extend health care coverage for working disabled persons under federal
2 law by October 1, 2002.

3 Sec. 1507. Of the amount appropriated to medical services adminis-
4 tration for the "Ticket to Work" initiative in 2000 PA 296, \$50,000.00
5 shall be considered a work project. Those funds shall not lapse on
6 September 30, 2002 and shall be carried forward for the purpose of sup-
7 porting expenditures for the "Ticket to Work" initiative in fiscal year
8 2002-2003.

9 Sec. 1508. From funds appropriated in part 1 for MICHild adminis-
10 tration, up to \$200,000.00 shall be allocated to school district health
11 center training and assistance in MICHild enrollment, delivery system
12 coordination, and service reimbursement procedures.

13 **MEDICAL SERVICES**

14 Sec. 1601. The cost of remedial services incurred by residents of
15 licensed adult foster care homes and licensed homes for the aged shall be
16 used in determining financial eligibility for the medically needy.
17 Remedial services include basic self-care and rehabilitation training for
18 a resident.

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

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

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

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

[Sec. 1604. (1) The department shall ascertain the steps required for federal approval to utilize the social security substantial gainful activity level as the state's Medicaid spend-down protected income level for nonelderly individuals receiving social security disability income.

(2) The department, after appropriate consultation with the federal government, shall project an annual cost to the department's budget if federal approval for the protected income level change referenced in subsection (1) were granted.

(3) Not later than November 1, 2002, the department shall report its findings regarding subsections (1) and (2) to the members of the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.]

5 Sec. 1605. (1) The protected income level for Medicaid coverage
6 determined pursuant to section 106(1)(b)(iii) of the social welfare act,
7 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance
8 standard.

9 (2) The department shall notify the senate and house of representa-
10 tives appropriations subcommittees on community health and the state
11 budget director of any proposed revisions to the protected income level
12 for Medicaid coverage related to the public assistance standard 90 days
13 prior to implementation.

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

18 Sec. 1607. (1) An applicant for Medicaid, whose qualifying condi-
19 tion is pregnancy, may immediately be presumed to be eligible for
20 Medicaid coverage unless the preponderance of evidence in her application
21 indicates otherwise.

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

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1 (3) An applicant that selects a Medicaid provider, other than a
2 managed care plan, from which to receive pregnancy services, shall not be
3 required to enroll in a managed care plan until the end of the second
4 month postpartum.

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

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

15 Sec. 1608. The department shall update by October 1, 2002 and dis-
16 tribute by November 1, 2002 to health care providers the pamphlet identi-
17 fying patient rights and responsibilities described in section 20201 of
18 the public health code, 1978 PA 368, MCL 333.20201.

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

24 Sec. 1611. (1) For care provided to medical services recipients
25 with other third-party sources of payment, medical services reimbursement
26 shall not exceed, in combination with such other resources, including
27 Medicare, those amounts established for medical services-only patients.

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1 The medical services payment rate shall be accepted as payment in full.
2 Other than an approved medical services copayment, no portion of a
3 provider's charge shall be billed to the recipient or any person acting
4 on behalf of the recipient. Nothing in this section shall be considered
5 to affect the level of payment from a third-party source other than the
6 medical services program. The department shall require a nonenrolled
7 provider to accept medical services payments as payment in full.

8 (2) Notwithstanding subsection (1), medical services reimbursement
9 for hospital services provided to dual Medicare/medical services recip-
10 ients with Medicare Part B coverage only shall equal, when combined with
11 payments for Medicare and other third-party resources, if any, those
12 amounts established for medical services-only patients, including capital
13 payments.

14 Sec. 1612. (1) It is the intent of the legislature that a uniform
15 Medicaid and school-based services billing form be developed by the
16 department in consultation with affected Medicaid providers. Every 2
17 months, the department shall provide reports to members of the senate and
18 house of representatives appropriations subcommittees on community health
19 and the senate and house fiscal agencies on the progress of this
20 initiative.

21 (2) HMOs that contract with the department to provide services to
22 the Medicaid population shall adhere to the time frames for payment of
23 clean claims as defined in section 111i(2)(a) of the social welfare act,
24 1939 PA 280, MCL 400.111i, submitted by health professionals and facili-
25 ties and provide notice of any defect in claims submitted as specified in
26 section 111i of the social welfare act, 1939 PA 280, MCL 400.111i.

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1 Sec. 1614. The department shall recalculate hospital inpatient
2 rates that were generated from the rebasing of fee-for-service hospital
3 inpatient payment rates that was completed in fiscal year 2001-2002. The
4 aggregate adjustment to payment rates made in this recalculation shall be
5 budget neutral.

6 Sec. 1615. Unless prohibited by federal or state law or regulation,
7 the department may require enrolled Medicaid providers to submit their
8 billings for services electronically. The department shall also develop
9 and implement a program that provides a mechanism for Medicaid providers
10 to submit their billings for services over the Internet by October 1,
11 2002.

12 Sec. 1620. (1) For fee-for-service recipients, the pharmaceutical
13 dispensing fee shall be \$3.95 or the pharmacy's usual or customary cash
14 charge, whichever is less.

15 (2) When carved-out of the capitation rate for managed care recip-
16 ients, the pharmaceutical dispensing fee shall be \$3.95 or the pharmacy's
17 usual or customary cash charge or the usual charge allowed by the
18 recipient's Medicaid HMO, whichever is less.

19 (3) The department shall require a prescription copayment for
20 Medicaid recipients except as prohibited by federal or state law or
21 regulation.

22 Sec. 1621. (1) The department may implement prospective drug utili-
23 zation review and disease management systems. The prospective drug util-
24 ization review and disease management systems authorized by this subsec-
25 tion shall have physician oversight, shall focus on patient, physician,
26 and pharmacist education, and shall be developed in consultation with the
27 national pharmaceutical council, Michigan state medical society, Michigan

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1 association of osteopathic physicians, Michigan pharmacists' association,
2 Michigan health and hospital association, and Michigan nurses'
3 association.

4 (2) This section does not authorize or allow therapeutic
5 substitution.

6 Sec. 1622. The department shall implement a pharmaceutical best
7 practice initiative. All of the following apply to that initiative:

8 (a) A physician that calls the department's agent for prior authori-
9 zation of drugs that are not on the department's preferred drug list
10 shall be informed of the option to speak to the agent's physician on duty
11 concerning the prior authorization request if the agent's pharmacist
12 denies the prior authorization request. If immediate contact with the
13 agent's physician on duty is requested, but cannot be arranged, the phy-
14 sician placing the call shall be immediately informed of the right to
15 request a 72-hour supply of the nonauthorized drug.

16 (b) The department's prior authorization and appeal process shall be
17 available on the department's website. The department shall also develop
18 and implement a program that allows providers to file prior authorization
19 and appeal requests electronically by October 1, 2002.

20 (c) The department shall provide authorization for prescribed drugs
21 that are not on its preferred drug list if the prescribing physician ver-
22 ifies that the drugs are necessary for the continued stabilization of the
23 patient's medical condition following documented previous failures on
24 earlier prescription regimens. Documentation of previous failures may be
25 provided by telephone, facsimile, or electronic transmission.

26 (d) Meetings of the department's pharmacy and therapeutics committee
27 shall be open to the public with advance notice of the meeting date,

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1 time, place, and agenda posted on the department's website 14 days in
2 advance of each meeting date. By January 31 of each year, the department
3 shall publish the committee's regular meeting schedule for the year on
4 the department's website. The pharmacy and therapeutics committee meet-
5 ings shall be subject to the requirements of the open meetings act, 1976
6 PA 267, MCL 15.261 to 15.275. The committee shall provide an opportunity
7 for interested parties to comment at each meeting following written
8 notice to the committee's chairperson of the intent to provide comment.

9 (e) The pharmacy and therapeutics committee shall make recommenda-
10 tions for the inclusion of medications on the preferred drug list based
11 on sound clinical evidence found in labeling, drug compendia, and
12 peer-reviewed literature pertaining to use of the drug in the relevant
13 population. The committee shall develop a method to receive notification
14 and clinical information about new drugs. The department shall post this
15 process and the necessary forms on the department's website.

16 (f) The pharmacy and therapeutics committee's recommendations for
17 the inclusion of medications on the preferred drug list shall be submit-
18 ted to the members of the house and senate subcommittees on community
19 health for their approval.

20 (g) The department shall by March 15, 2003, provide to the members
21 of the house and senate subcommittees on community health, a report on
22 the impact of the pharmaceutical best practice initiative on the Medicaid
23 community. The report shall include, but not be limited to, the number
24 of appeals used in the prior authorization process and any reports of
25 patients who are hospitalized because of authorization denial.

[(h) The department shall recommend to the governor, for appointment,
an individual to represent consumers on the pharmacy and therapeutics
committee.]

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

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

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

13 Sec. 1624. (1) An additional \$21,000,000.00 from the tobacco set-
14 tlement trust fund is appropriated to the elder prescription insurance
15 coverage program for fiscal year 2002-2003 if the state budget director
16 certifies that the federal funds appropriated to that program are
17 unavailable and that sufficient tobacco settlement revenue is available
18 to finance this appropriation. As used in this section, "tobacco settle-
19 ment revenue" and "tobacco settlement trust fund" mean those terms as
20 defined in section 2 of the Michigan trust fund act, 2000 PA 489,
21 MCL 12.252.

22 (2) None of the tobacco settlement or other state restricted revenue
23 appropriated by the department to the EPIC program in fiscal year
24 2001-2002 shall lapse.

25 (3) The department shall place any funds that would have lapsed in a
26 reserve account for the sole purpose of providing revenue to fund the

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1 EPIC program during fiscal year 2002-2003, in the event the proposed
2 federal revenue to enhance EPIC program funding is not available.

3 (4) If the proposed federal funds become available, the reserved
4 tobacco settlement funds may either be lapsed to the tobacco settlement
5 trust fund or the Medicaid trust fund.

[Sec. 1625. Implementation of the pharmaceutical best practice
initiative is subject to the following conditions:

(a) By May 15, 2003, the department shall provide a report to the
members of the house and senate appropriations subcommittees on community
health and the house and senate fiscal agencies identifying the prescribed
drugs that are grandfathered in as preferred drugs and available without
prior authorization. The report shall assess strategies to improve the drug
prior authorization process.

(b) Effective April 1, 2003, the department's pharmacy and
therapeutics committee shall conduct all business at public meetings held in
compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.
Public notice of the time, date, and place of each meeting shall be given in
the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to
15.275.

(c) The department shall assure compliance with the published Medicaid
bulletin implementing the Michigan pharmaceutical best practices initiative
program. The department shall also include this information on its website.]

6 Sec. 1627. (1) The department shall use provisions specified under
7 section 1927 of title XIX of the social security act, 42 U.S.C. 1396r-8,
8 to secure quarterly rebates from pharmaceutical manufacturers for outpa-
9 tient drugs dispensed to participants in [programs funded through this
appropriations act].

10 (2) For products distributed by pharmaceutical manufacturers not
11 providing quarterly rebates as listed in subsection (1), the department
12 may require preauthorization for prescriptions dispensed to participants
13 in state-funded programs.

14 Sec. 1628. [(1)] It is the intent of the legislature that if the savings
15 for Medicaid pharmacy rebates exceed the amount budgeted in this act, the
16 savings shall first be used to offset any increase in pharmacy costs
17 above that budgeted in this act [. If there are additional savings after
offsetting increased pharmaceutical costs, a portion of the additional
savings shall be used to partially reimburse physicians and pharmacists for
their added costs associated with the pharmaceutical best practice
initiative] and [] to support and expand coverage
18 under the EPIC program.

[(2) The department shall report to the appropriations subcommittees
on community health its plan to distribute the savings identified in
subsection (1) by December 1, 2002.

Sec. 1629. Effective October 1, 2002, the department may implement a
program to make increased payments for Medicaid services to hospitals located
in geographic areas where the nonfederal share of the Medicaid payment is
obtained from local units of government.]

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

25 Sec. 1631. The department shall require copayments on dental, podi-
26 atric, chiropractic, vision, and hearing aid services provided to

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1 Medicaid recipients, except as prohibited by federal or state law or
2 regulation.

3 Sec. 1633. From the funds appropriated in part 1 for auxiliary med-
4 ical services, not less than \$1,000,000.00 shall be allocated for the
5 expansion of the healthy kids dental program.

6 Sec. 1634. (1) From the funds appropriated in part 1 for ambulance
7 services, the department shall continue the 5% increase in payment rates
8 for ambulance services implemented in fiscal year 2000-2001.

9 (2) Effective October 1, 2002, the department shall implement a sur-
10 charge payable for all allowable ambulance runs made for Medicaid recip-
11 ients excluding those recipients enrolled in Medicaid health maintenance
12 organizations.

13 (3) This surcharge shall be based on average mileage per ambulance
14 run and shall be structured so as to not exceed \$1,000,000.00 in total
15 payments.

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

19 Sec. 1643. Of the funds appropriated in part 1 for graduate medical
20 education in the hospital services and therapy line item appropriation,
21 \$3,635,100.00 shall be allocated for the psychiatric residency training
22 program that establishes and maintains collaborative relations with the
23 [schools of medicine at Michigan State University and Wayne State
University,] if the necessary
24 Medicaid matching funds are provided by the university.

25 Sec. 1644. (1) From the funds appropriated in part 1 for the rural
26 health initiative, \$5,300,000.00 shall be allocated as an outpatient
27 adjustor payment to be paid directly to hospitals in rural counties in

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1 proportion to each hospital's Medicaid and indigent patient population.
2 Three hundred thousand dollars shall be allocated for free clinics in
3 rural areas as designated by the federal government or such designation
4 as may be modified by the department. These funds shall be allocated
5 consistent with the requirements of section 308 of this act. Two million
6 two hundred thousand dollars of the rural health initiative funds may be
7 allocated for defibrillator grants, EMT training and support, or other
8 similar programs.

9 (2) Except as otherwise specified in this section, rural is defined
10 as a city, town, village, or township with a population of not more than
11 15,000, including those entities if located within a metropolitan statis-
12 tical area.

13 Sec. 1645. (1) From the funds appropriated in part 1 for hospital
14 disproportionate share and uncompensated care payments, and subject to
15 subsection (2), the department shall allocate up to \$4,000,000.00 for
16 hospital uncompensated care payments, as follows:

17 (a) Each Michigan hospital with 100 or fewer licensed beds that par-
18 ticipates in the Medicaid fee-for-service and managed care programs shall
19 receive an uncompensated care payment of \$30,000.00. The payment shall
20 be reduced by the amount of the disproportionate share payment or rural
21 health adjustor payment paid to the hospital.

22 (b) Each Michigan hospital with more than 100 licensed beds that
23 participates in the Medicaid fee-for-service and managed care programs
24 shall receive an uncompensated care payment of \$60,000.00. The payment
25 shall be reduced by the amount of the disproportionate share payment or
26 rural health adjustor payment paid to the hospital.

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1 (2) If the amount of hospital uncompensated care payments under
2 subsection (1) would exceed the \$4,000,000.00 appropriated for this
3 purpose, each hospital's payment shall be reduced proportionately so that
4 the total amount of hospital uncompensated care payments does not exceed
5 \$4,000,000.00.

6 Sec. 1646. From the funds appropriated in part 1 for hospital serv-
7 ices and therapy, the department shall establish a hospital transitional
8 services fund and make payments to hospitals to offset costs associated
9 with closure of the facility, transition of the facility to an urgent
10 care center, or transition of the facility to a federally qualified
11 health center. [Up to \$250,000.00 from the hospital transitional services
fund shall be allocated to the regional consortium that includes the Battle
Creek health system, Oaklawn hospital, and the Albion health alliance.]

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 continue breast and cervical cancer treatment
22 coverage for women up to 250% of the federal poverty level, who are under
23 age 65, and who are not otherwise covered by insurance. This coverage
24 shall be provided to women who have been screened through the centers for
25 disease control breast and cervical cancer early detection program, and
26 are found to have breast or cervical cancer, pursuant to the breast and

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1 cervical cancer prevention and treatment act of 2000, Public Law 106-354,
2 114 Stat. 1381.

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

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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 2002-2003.

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.

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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.

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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 access to appropriate providers,
19 including qualified specialists for all medically necessary services.

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

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

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

4 (10) Medicaid HMOs shall meet other standards and requirements con-
5 tained in state laws, administrative rules, and policies promulgated by
6 the department.

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

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

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

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

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

26 (3) Annual reports summarizing the problems and complaints reported
27 and their resolution shall be provided to the house of representatives

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1 and senate appropriations subcommittees on community health, the house
2 and senate fiscal agencies, the state budget office, and the department's
3 health plans advisory council.

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

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

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

[(4) Prior to contracting with an HMO for managed care services that
did not have a contract with the department before October 1, 2002, the
department shall receive assurances from the office of financial and
insurance services that the HMO meets the net worth and financial solvency
requirements contained in chapter 35 of the insurance code, 1956 PA 218, MCL
500.3501 to 500.3580.]

18 Sec. 1658. It is the intent of the legislature that HMOs shall have
19 contracts with hospitals within a reasonable distance from their
20 enrollees. If a hospital does not contract with the HMO, in its service
21 area, that hospital shall enter into a hospital access agreement as spec-
22 ified in the MSA hospital bulletin 01-19.

23 Sec. 1659. The following sections are the only ones that shall
24 apply to the following Medicaid managed care programs, including the com-
25 prehensive plan, children's special health care services plan, MI Choice
26 long-term care plan, and the mental health, substance abuse, and
27 developmentally disabled services program: 402, 404, 414, 418, 1612,
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1 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, and
2 1699.

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

7 (2) The primary responsibility of assuring a child's hearing and
8 vision screening is with the child's primary care provider. The primary
9 care provider shall provide age appropriate screening or arrange for
10 these tests through referrals to local health departments. Local health
11 departments shall provide preschool hearing and vision screening services
12 and accept referrals for these tests from physicians or from Head Start
13 programs in order to assure all preschool children have appropriate
14 access to hearing and vision screening. Local health departments shall
15 be reimbursed for the cost of providing these tests for Medicaid eligible
16 children by the Medicaid program.

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

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

25 (5) The department shall provide, on an annual basis, budget neutral
26 incentives to Medicaid HMOs and local health departments to improve

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1 performance on measures related to the care of children and pregnant
2 women.

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

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

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

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

26 (2) The department shall provide a copy of the analysis of the
27 Medicaid HMO annual audited health employer data and information set

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1 reports and the annual external quality review report to the senate and
2 house of representatives appropriations subcommittees on community
3 health, the senate and house fiscal agencies, and the state budget direc-
4 tor, within 30 days of the department's receipt of the final reports from
5 the contractors.

6 (3) The department shall work with the Michigan association of
7 health plans and the Michigan association for local public health to
8 improve service delivery and coordination in the MSS/ISS and EPSDT
9 programs.

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

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

16 (2) Local health departments shall work with interested hospitals,
17 school-based health centers, clinics, other community organizations, and
18 local family independence agency offices in their area on training and
19 coordination to distribute and facilitate the completion of MICHild and
20 Healthy Kids application forms for persons who are potentially eligible
21 for the program.

22 Sec. 1670. (1) The appropriation in part 1 for the MICHild program
23 is to be used to provide comprehensive health care to all children under
24 age 19 who reside in families with income at or below 200% of the federal
25 poverty level, who are uninsured and have not had coverage by other com-
26 prehensive health insurance within 6 months of making application for
27 MICHild benefits, and who are residents of this state. The department

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1 shall develop detailed eligibility criteria through the medical services
2 administration public concurrence process, consistent with the provisions
3 of this act. Health care coverage for children in families below 150% of
4 the federal poverty level shall be provided through expanded eligibility
5 under the state's Medicaid program. Health coverage for children in fam-
6 ilies between 150% and 200% of the federal poverty level shall be pro-
7 vided through a state-based private health care program.

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

12 (a) "Dental care corporation", "health care corporation", "insurer",
13 and "prudent purchaser agreement" mean those terms as defined in section
14 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

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

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

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

25 Sec. 1671. From the funds appropriated in part 1, the department
26 shall continue a comprehensive approach to the marketing and outreach of
27 the MICHild program. The marketing and outreach required under this

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1 section shall be coordinated with current outreach, information
2 dissemination, and marketing efforts and activities conducted by the
3 department.

4 Sec. 1672. The department may provide up to 1 year of continuous
5 eligibility to children eligible for the MICHild program unless the
6 family fails to pay the monthly premium, a child reaches age 19, or the
7 status of the children's family changes and its members no longer meet
8 the eligibility criteria as specified in the federally approved MICHild
9 state plan.

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

13 Sec. 1674. The department shall not require copayments under the
14 MICHild program.

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

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

25 Sec. 1677. The MICHild program shall provide all benefits available
26 under the state employee insurance plan that are delivered through

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1 contracted providers and consistent with federal law, including, but not
2 limited to, the following medically necessary services:

3 (a) Inpatient mental health services, other than substance abuse
4 treatment services, including services furnished in a state-operated
5 mental hospital and residential or other 24-hour therapeutically planned
6 structured services.

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

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

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

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

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

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

17 (h) Emergency ambulance services.

[Sec. 1678. MICHild funds shall not be used to provide or promote any
contraceptives to minors without parental consent.]

18 Sec. 1680. (1) It is the intent of the legislature that payment
19 increases for enhanced wages and new or enhanced employee benefits pro-
20 vided through the Medicaid nursing home wage pass-through program in pre-
21 vious years be continued in fiscal year 2002-2003.

22 (2) The department shall provide a report to the house and senate
23 appropriations subcommittees on community health and the house and senate
24 fiscal agencies regarding the amount of nursing home employee wage and
25 benefit increases provided through the nursing home wage pass-through
26 program in fiscal year 2001-2002.

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1 Sec. 1681. From the funds appropriated in part 1 for home- and
2 community-based services, the department and local waiver agents shall
3 encourage the use of family members, friends, and neighbors of home- and
4 community-based services participants, where appropriate, to provide
5 homemaker services, meal preparation, transportation, chore services, and
6 other nonmedical covered services to participants in the Medicaid home-
7 and community-based services program.

8 Sec. 1682. (1) The department shall implement enforcement actions
9 as specified in the nursing facility enforcement provisions of section
10 1919 of title XIX, 42 U.S.C. 1396r.

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

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

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

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1 Sec. 1684. From the funds appropriated in part 1 for long-term care
2 services, the department may make available up to 1/2 of the economic
3 increase for a wage pass-through for nursing facilities solely for pay-
4 ment increases for enhanced wages and new or enhanced employee benefits.
5 This funding shall be provided to those facilities that make application
6 for it to fund the Medicaid program share of wage and employee benefit
7 increases of up to the equivalent of 50 cents per employee hour.
8 Employee benefits shall include, but are not limited to, health benefits,
9 retirement benefits, and quality of life benefits such as day care
10 services. Nursing facilities shall be required to document that these
11 wage and benefit increases were actually provided. If a nursing home
12 that makes application for and receives the additional funding for the
13 wage pass-through cannot document that these wage and benefit increases
14 were actually provided, its reimbursement rate shall be reduced by 2.5%.

15 Sec. 1684a. The wage pass-through in section 1684 may only be
16 effective if all the funding goes to worker wages and benefits, with none
17 of the funding going to union fees or other fees.

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

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1 Sec. 1686. (1) Medicaid payment rates for nursing home services
2 that take effect on or after October 1, 2002 shall be based on a minimum
3 resident occupancy requirement of 85%.

4 (2) A nursing home that removes beds to reduce its licensed bed
5 capacity may remove the beds from anywhere in the facility and does not
6 have to remove only beds adjacent to each other. The facility cost for
7 space from which beds are removed to downsize wards or create private
8 rooms shall remain as an allowable Medicaid cost. The department shall
9 not require nursing home beds removed under this policy to remain out of
10 service for more than 1 year, and a shorter period of time may be
11 approved by the department.

12 Sec. 1687. The long-term care working group established in section
13 1657 of 1998 PA 336 shall continue to exist to review the allocation of
14 the long-term care innovations grant funding and to monitor the implemen-
15 tation of the demonstration projects being funded. The department shall
16 not implement a long-term care plan until the expiration of 24 days
17 during which at least 1 house of the legislature convenes after the
18 long-term care working group has submitted the written long-term care
19 plan to the senate majority leader, the speaker of the house, the senate
20 and house appropriations subcommittees on community health, and the state
21 budget director.

22 Sec. 1688. (1) In consultation with the nursing home industry, the
23 department shall conduct a study to address the apparent liability insur-
24 ance increases for nursing homes. The study may include recommendations
25 such as creating a self-insured fund, a catastrophic claim fund, a
26 cost-settled Medicaid pass-through for liability insurance increases if
27 not in the base rate, or implementing an alternative methodology. The

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1 department shall provide its findings and recommendations from this study
2 to the senate and house of representatives appropriations subcommittees
3 on community health, the senate and house fiscal agencies, and the state
4 budget director no later than April 1, 2003.

5 (2) The department shall allocate \$1,000,000.00 for capitalization
6 purposes to establish a professional liability insurance product for
7 Michigan nursing facilities that is consistent with the study recommenda-
8 tions in subsection (1). Only nursing facilities that have Medicaid cer-
9 tified beds shall be able to participate in this insurance product.
10 Premiums paid for this product are an allowable Medicaid cost to the
11 extent allowed under state and federal law.

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

19 Sec. 1689a. (1) From the funds appropriated in part 1 for the home-
20 and community-based services program, the department shall provide cover-
21 age of no fewer than 15,000 individuals.

22 (2) The department shall seek federal approval, if required, to
23 increase enrollment in the Medicaid home- and community-based services
24 program to the level specified in subsection (1).

25 (3) Priority in enrolling additional persons in the Medicaid home-
26 and community-based services program shall be given to those who are
27 currently residing in nursing homes or who are eligible to be admitted to

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1 a nursing home if they are not provided home- and community-based
2 services. The department shall implement screening and assessment proce-
3 dures to assure that no additional Medicaid-eligible persons are admitted
4 to nursing homes who would be more appropriately served by the Medicaid
5 home- and community-based services program.

6 (4) The department shall provide monthly reports to the house and
7 senate appropriations subcommittees on community health and the house and
8 senate fiscal agencies that identify the number of persons enrolled in
9 the Medicaid home- and community-based services program, the number of
10 days of care provided, and the expenditures for the program by region.

11 Sec. 1690. (1) The department shall establish a pilot project to
12 assess whether a managed care approach to the full spectrum of long-term
13 care services can provide an appropriate level of care at a lower cost
14 than achieved through purchasing those services on an individual basis.

15 (2) Prior to implementation of the pilot project, the department
16 shall [reach a consensus] with existing community and other interested
stakeholders as
17 well as the department's long-term care work group to develop key ele-
18 ments of the pilot project. Participants eligible for the program shall
19 be determined by the department to meet the criteria for Medicaid eligi-
20 bility, and enrollment shall be voluntary on the part of the
21 beneficiary.

22 (3) The department shall provide a report on the effectiveness and
23 impact of the pilot project on reducing state Medicaid costs to the
24 senate and house appropriations subcommittees on community health and to
25 the senate and house fiscal agencies.

26 Sec. 1691. (1) From the funds appropriated in part 1, the
27 department, subject to the requirements and limitations in this section,

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1 shall establish a funding pool of up to \$44,012,800.00 for the purpose of
2 enhancing the aggregate payment for medical services hospital services.

3 (2) For a county with a population of more than 2,000,000 people,
4 the department shall distribute \$44,012,800.00 to hospitals if
5 \$15,026,700.00 is received by the state from such a county, which meets
6 the criteria of an allowable state matching share as determined by appli-
7 cable federal laws and regulations. If the state receives a lesser sum
8 of an allowable state matching share from such a county, the amount dis-
9 tributed shall be reduced accordingly.

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

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

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

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

4 (a) Finance activities within the medical services administration
5 related to this project.

6 (b) Reimburse participating school districts pursuant to the fund
7 sharing ratios negotiated in the state-local agreements authorized in
8 subsection (1).

9 (c) Offset general fund costs associated with the medical services
10 program.

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

16 Sec. 1694. The department of community health shall distribute
17 \$695,000.00 to children's hospitals that have a high indigent care
18 volume. The amount to be distributed to any given hospital shall be
19 based on a formula determined by the department of community health.

20 Sec. 1696. The department shall by October 1, 2002 complete a study
21 calculating the benefits of a single magnetic card identification system
22 that has the capability to interface with various state benefit programs,
23 including, but not limited to, food stamps, WIC, cash assistance, and
24 Medicaid, and to assist in the eligibility verification process.

25 Sec. 1697. (1) As may be allowed by federal law or regulation, the
26 department may use funds provided by a local or intermediate school
27 district, which have been obtained from a qualifying health system, as

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1 the state match required for receiving federal Medicaid or children
2 health insurance program funds. Any such funds received shall be used
3 only to support new school-based or school-linked health services.

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

9 Sec. 1699. The department may make separate payments directly to
10 qualifying hospitals serving a disproportionate share of indigent
11 patients, and to hospitals providing graduate medical education training
12 programs. If direct payment for GME and DSH is made to qualifying hospi-
13 tals for services to Medicaid clients, hospitals will not include GME
14 costs or DSH payments in their contracts with HMOs.

15 Sec. 1700. The department shall not submit a Medicaid waiver or
16 similar proposal to the federal centers for Medicare and Medicaid unless
17 the proposal has been submitted to the house of representatives and
18 senate appropriations subcommittees on community health at least 30 days
19 before the submission to the federal government.

20 Sec. 1701. (1) The department shall reestablish a nursing home
21 quality care incentive program to provide financial incentives for nurs-
22 ing homes to develop high-quality care services. Grants under this sec-
23 tion shall be awarded by the department to nursing homes that demonstrate
24 an existing commitment to providing high-quality care.

25 (2) A Medicaid quality incentive grant pool with funding of
26 \$4,300,000.00 is created. Each qualifying nursing home that participates

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1 in the Medicaid program shall receive a grant from the pool based on the
2 number of its licensed beds.

3 (3) A non-Medicaid quality incentive grant pool with funding of
4 \$2,300,000.00 is created. Each qualifying nursing home that does not
5 participate in the Medicaid program shall receive a grant from the pool
6 based on the number of its licensed beds.

7 Sec. 1702. From the funds appropriated in part 1 for long-term care
8 services, the department shall implement a pilot project that coordinates
9 Medicaid home- and community-based services with section 8 rental assist-
10 ance subsidies available through the Michigan state housing development
11 authority. The purpose of the pilot project shall be to provide rent and
12 supportive services to 100 persons in assisted living housing arrange-
13 ments who otherwise would be eligible to receive nursing home care
14 through the Medicaid program.

15 Sec. 1703. From the funds appropriated in part 1 for long-term care
16 services, the department shall allocate \$100.00 to the Michigan associa-
17 tion of centers for independent living for the accessing community based
18 support project.

19 Sec. 1704. MSA bulletin Hospital 01-03 shall have all references to
20 per diem payment deleted.

21 Sec. 1705. The department shall retain up to 20% of federal
22 Medicaid matching funds received for school based services. The remain-
23 ing federal Medicaid funds shall be allocated to the school districts
24 providing the services.

25 Sec. 1706. The department shall develop and implement a public
26 information campaign regarding the pharmaceutical best practice
27 initiative program.

[Sec. 1707. Drugs prescribed to children enrolled in the children's
special health care services program shall be exempt from the pharmaceutical
prior authorization requirements under the department's pharmaceutical best
practice initiative program.]

Sec. 1708. It is the intent of the legislature that any savings to the
merit award trust fund resulting from the enactment of Senate Bill No. 926 of
the 91st Legislature, are appropriated in equal amounts for the healthy kids
dental program, infant mortality prevention programs, and pregnancy
prevention programs.

Sec. 1709. From the funds appropriated in part 1 for medical services,
the department shall allocate sufficient funds to each qualified county, as
that term is defined in section 2 of the airport parking tax act, 1987 PA
248, MCL 207.372, to reimburse that county for the entire reduction in the
amount of its distribution for indigent health care in fiscal year 2002-2003
from the amount of its distribution for indigent health care in fiscal year
2000-2001 resulting directly from any amendments to section 7 of the airport
parking tax act, 1987 PA 248, MCL 207.377 in calendar year 2002 if House Bill
No. 4454 of the 91st Legislature is enacted into law in fiscal year 2001-
2002.

Sec. 1710. Any proposed changes by the department to the MIChoice
home and community based services waiver program screening process shall be
provided to the members of the house and senate appropriations subcommittees
on community health at least 30 days prior to implementation of the proposed
changes.

Sec. 1711. The department shall provide an annual program report to
the members of the house and senate appropriations subcommittees on community
health and the house and senate fiscal agencies on the hospitalization
utilization of Medicaid recipients by disease category.]