

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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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..... | 5,666.3 | |
| 6 | Average population..... | 1,438.0 | |
| 7 | GROSS APPROPRIATION..... | \$ | 9,472,115,600 |
| 8 | Interdepartmental grant revenues: | | |
| 9 | Total interdepartmental grants and intradepartmental | | |
| 10 | transfers..... | \$ | 69,172,900 |
| 11 | ADJUSTED GROSS APPROPRIATION..... | \$ | 9,402,942,700 |
| 12 | Federal revenues: | | |
| 13 | Total federal revenues..... | | 4,956,155,600 |
| 14 | Special revenue funds: | | |
| 15 | Total local revenues..... | | 1,065,265,900 |
| 16 | Total private revenues..... | | 63,122,600 |
| 17 | Tobacco settlement revenue..... | | 70,768,200 |
| 18 | Total other state restricted revenues..... | | 684,569,200 |
| 19 | State general fund/general purpose..... | \$ | 2,563,061,200 |
| 20 | Sec. 102. DEPARTMENTWIDE ADMINISTRATION | | |
| 21 | Full-time equated unclassified positions..... | 6.0 | |
| 22 | Full-time equated classified positions..... | 343.5 | |
| 23 | Director and other unclassified--6.0 FTE positions... | \$ | 581,500 |
| 24 | Community health advisory council..... | | 28,900 |
| 25 | Departmental administration and management--319.7 FTE | | |
| 26 | positions..... | | 26,969,200 |

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| | | |
|----|--|----------------------|
| 1 | Certificate of need program administration--13.0 FTE | |
| 2 | positions..... | 944,800 |
| 3 | Worker's compensation program..... | 12,448,000 |
| 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 program..... | 1,449,100 |
| 9 | Palliative and hospice care..... | 316,200 |
| 10 | Primary care services--1.8 FTE positions..... | <u>5,534,700</u> |
| 11 | GROSS APPROPRIATION..... | \$ 60,762,100 |
| 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..... | \$ 41,831,500 |
| 22 | Sec. 103. INFORMATION TECHNOLOGY | |
| 23 | Information technology services and projects..... | \$ <u>35,834,300</u> |
| 24 | GROSS APPROPRIATION..... | \$ 35,834,300 |
| 25 | Appropriated from: | |
| 26 | Interdepartmental grant revenues: | |

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| | | |
|----|--|------------------|
| 1 | Interdepartmental grant from the department of | |
| 2 | corrections..... | 142,700 |
| 3 | Federal revenues: | |
| 4 | Total federal revenues..... | 18,685,200 |
| 5 | Special revenue funds: | |
| 6 | Total other state restricted revenues..... | 1,793,800 |
| 7 | State general fund/general purpose..... \$ | 15,212,600 |
| 8 | Sec. 104. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION | |
| 9 | AND SPECIAL PROJECTS | |
| 10 | Full-time equated classified positions.....101.0 | |
| 11 | Mental health/substance abuse program | |
| 12 | administration--101.0 FTE positions..... \$ | 10,172,600 |
| 13 | Consumer involvement program..... | 189,100 |
| 14 | Gambling addiction..... | 3,500,000 |
| 15 | Protection and advocacy services support..... | 818,300 |
| 16 | Mental health initiatives for older persons..... | 1,165,800 |
| 17 | Community residential and support services..... | 4,473,600 |
| 18 | Highway safety projects..... | 1,837,200 |
| 19 | Federal and other special projects..... | <u>1,977,200</u> |
| 20 | GROSS APPROPRIATION..... \$ | 24,133,800 |
| 21 | Federal revenues: | |
| 22 | Total federal revenues..... | 5,813,100 |
| 23 | Special revenue funds: | |
| 24 | Total private revenues..... | 190,000 |
| 25 | Total other state restricted revenues..... | 3,682,300 |
| 26 | State general fund/general purpose..... \$ | 14,448,400 |

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| | | |
|----|--|-------------------|
| 1 | Sec. 105. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES | |
| 2 | PROGRAMS | |
| 3 | Full-time equated classified positions..... | 2.0 |
| 4 | Medicaid mental health services..... | \$ 1,355,134,200 |
| 5 | Community mental health non-Medicaid services..... | 274,813,700 |
| 6 | Multicultural services..... | 3,560,000 |
| 7 | Medicaid substance abuse services..... | 27,433,900 |
| 8 | Respite services..... | 3,318,600 |
| 9 | CMHSP, purchase of state services contracts..... | 165,813,900 |
| 10 | Civil service charges..... | 2,606,400 |
| 11 | Federal mental health block grant--2.0 FTE positions. | 15,317,400 |
| 12 | State disability assistance program substance abuse | |
| 13 | services..... | 6,600,000 |
| 14 | Community substance abuse prevention, education and | |
| 15 | treatment programs..... | <u>87,777,400</u> |
| 16 | GROSS APPROPRIATION..... | \$ 1,942,375,500 |
| 17 | Appropriated from: | |
| 18 | Federal revenues: | |
| 19 | Total federal revenues..... | 849,996,900 |
| 20 | Special revenue funds: | |
| 21 | Total other state restricted revenues..... | 6,042,400 |
| 22 | State general fund/general purpose..... | \$ 1,086,336,200 |
| 23 | Sec. 106. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH | |
| 24 | DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH | |
| 25 | SERVICES | |
| 26 | Total average population..... | 1,438.0 |

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| | | | |
|----|---|---------|------------|
| 1 | Full-time equated classified positions..... | 4,289.0 | |
| 2 | Caro regional mental health center-psychiatric | | |
| 3 | hospital-adult--498.0 FTE positions..... | \$ | 39,828,900 |
| 4 | Average population..... | 184.0 | |
| 5 | Kalamazoo psychiatric hospital-adult--402.0 FTE | | |
| 6 | positions..... | | 29,559,400 |
| 7 | Average population..... | 136.0 | |
| 8 | Northville psychiatric hospital-adult--844.0 FTE | | |
| 9 | positions..... | | 65,451,800 |
| 10 | Average population..... | 377.0 | |
| 11 | Walter P. Reuther psychiatric hospital-adult--440.0 | | |
| 12 | FTE positions..... | | 35,332,500 |
| 13 | Average population..... | 232.0 | |
| 14 | Hawthorn center-psychiatric hospital-children and | | |
| 15 | adolescents--333.0 FTE positions..... | | 24,627,200 |
| 16 | Average population..... | 118.0 | |
| 17 | Mount Pleasant center-developmental | | |
| 18 | disabilities--498.0 FTE positions..... | | 36,883,300 |
| 19 | Average population..... | 181.0 | |
| 20 | Center for forensic psychiatry--522.0 FTE positions.. | | 41,835,500 |
| 21 | Average population..... | 210.0 | |
| 22 | Forensic mental health services provided to the | | |
| 23 | department of corrections--741.0 FTE positions..... | | 68,088,700 |
| 24 | Revenue recapture..... | | 750,000 |
| 25 | IDEA, federal special education..... | | 120,000 |
| 26 | Special maintenance and equipment..... | | 947,800 |

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| | | |
|----|--|------------------|
| 1 | Purchase of medical services for residents of | |
| 2 | hospitals and centers..... | 1,358,200 |
| 3 | Closed site, transition, and related costs--11.0 FTE | |
| 4 | positions..... | 1,066,900 |
| 5 | Severance pay..... | 216,900 |
| 6 | Gifts and bequests for patient living and treatment | |
| 7 | environment..... | <u>500,000</u> |
| 8 | GROSS APPROPRIATION..... | \$ 346,567,100 |
| 9 | Appropriated from: | |
| 10 | Interdepartmental grant revenues: | |
| 11 | Interdepartmental grant from the department of | |
| 12 | corrections..... | 68,088,700 |
| 13 | Federal revenues: | |
| 14 | Total federal revenues..... | 33,145,700 |
| 15 | Special revenue funds: | |
| 16 | CMHSP, purchase of state services contracts..... | 165,813,900 |
| 17 | Other local revenues..... | 25,958,300 |
| 18 | Total private revenues..... | 500,000 |
| 19 | Total other state restricted revenues..... | 10,396,000 |
| 20 | State general fund/general purpose..... | \$ 42,664,500 |
| 21 | Sec. 107. PUBLIC HEALTH ADMINISTRATION | |
| 22 | Full-time equated classified positions.....81.3 | |
| 23 | Executive administration--12.0 FTE positions..... | \$ 1,129,200 |
| 24 | Minority health grants and contracts..... | 1,089,100 |
| 25 | Vital records and health statistics--69.3 FTE | |
| 26 | positions..... | <u>5,610,500</u> |

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| | | | |
|----|---|-------------------------|------------------|
| 1 | GROSS APPROPRIATION..... | \$ | 7,828,800 |
| 2 | Appropriated from: | | |
| 3 | Interdepartmental grant revenues: | | |
| 4 | Interdepartmental grant from family independence | | |
| 5 | agency..... | | 447,800 |
| 6 | Federal revenues: | | |
| 7 | Total federal revenues..... | | 2,045,100 |
| 8 | Special revenue funds: | | |
| 9 | Total other state restricted revenues..... | | 2,432,200 |
| 10 | State general fund/general purpose..... | \$ | 2,903,700 |
| 11 | Sec. 108. INFECTIOUS DISEASE CONTROL | | |
| 12 | Full-time equated classified positions..... | 44.3 | |
| 13 | AIDS prevention, testing, and care programs-- | 9.8 FTE | |
| 14 | positions..... | \$ | 27,608,300 |
| 15 | Immunization local agreements..... | | 14,490,300 |
| 16 | Immunization program management and field | | |
| 17 | support-- | 7.7 FTE positions..... | 1,699,600 |
| 18 | Sexually transmitted disease control local agreements | | 3,541,700 |
| 19 | Sexually transmitted disease control management and | | |
| 20 | field support-- | 26.8 FTE positions..... | <u>3,503,500</u> |
| 21 | GROSS APPROPRIATION..... | \$ | 50,843,400 |
| 22 | Appropriated from: | | |
| 23 | Federal revenues: | | |
| 24 | Total federal revenues..... | | 36,057,700 |
| 25 | Special revenue funds: | | |
| 26 | Total private revenues..... | | 1,847,000 |

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| | | |
|----|---|-------------------|
| 1 | Total other state restricted revenues..... | 8,050,000 |
| 2 | State general fund/general purpose..... \$ | 4,888,700 |
| 3 | Sec. 109. LABORATORY SERVICES | |
| 4 | Full-time equated classified positions.....113.2 | |
| 5 | Laboratory services--113.2 FTE positions..... \$ | <u>13,326,700</u> |
| 6 | GROSS APPROPRIATION..... \$ | 13,326,700 |
| 7 | Appropriated from: | |
| 8 | Interdepartmental grant revenues: | |
| 9 | Interdepartmental grant from environmental quality... | 392,100 |
| 10 | Federal revenues: | |
| 11 | Total federal revenues..... | 3,411,100 |
| 12 | Special revenue funds: | |
| 13 | Total other state restricted revenues..... | 3,131,300 |
| 14 | State general fund/general purpose..... \$ | 6,392,200 |
| 15 | Sec. 110. EPIDEMIOLOGY | |
| 16 | Full-time equated classified positions.....64.5 | |
| 17 | AIDS surveillance and prevention program--7.0 FTE | |
| 18 | positions..... \$ | 1,772,800 |
| 19 | Bioterrorism preparedness--33.0 FTE positions..... | 9,503,400 |
| 20 | Epidemiology administration--24.5 FTE positions..... | 6,298,900 |
| 21 | Tuberculosis control and recalcitrant AIDS program... | <u>867,000</u> |
| 22 | GROSS APPROPRIATION..... \$ | 18,442,100 |
| 23 | Appropriated from: | |
| 24 | Federal revenues: | |
| 25 | Total federal revenues..... | 15,936,100 |
| 26 | Special revenue funds: | |

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| | | |
|----|---|------------------|
| 1 | Total other state restricted revenues..... | 179,000 |
| 2 | State general fund/general purpose..... \$ | 2,327,000 |
| 3 | Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS | |
| 4 | Full-time equated classified positions.....3.0 | |
| 5 | Implementation of 1993 PA 133, MCL 333.17015..... \$ | 100,000 |
| 6 | Lead abatement program--3.0 FTE positions..... | 1,550,200 |
| 7 | Local health services..... | 512,300 |
| 8 | Local public health operations..... | 43,123,700 |
| 9 | Medical services cost reimbursement to local health | |
| 10 | departments..... | <u>1,500,000</u> |
| 11 | GROSS APPROPRIATION..... \$ | 46,786,200 |
| 12 | Appropriated from: | |
| 13 | Federal revenues: | |
| 14 | Total federal revenues..... | 2,952,900 |
| 15 | Special revenue funds: | |
| 16 | Total other state restricted revenues..... | 340,800 |
| 17 | State general fund/general purpose..... \$ | 43,492,500 |
| 18 | Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH | |
| 19 | PROMOTION | |
| 20 | Full-time equated classified positions.....30.7 | |
| 21 | African-American male health initiative..... \$ | 1,000,000 |
| 22 | AIDS and risk reduction clearinghouse and media | |
| 23 | campaign..... | 1,576,000 |
| 24 | Alzheimer's information network..... | 440,000 |
| 25 | Cancer prevention and control program--13.6 FTE | |
| 26 | positions..... | 15,231,400 |

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| | | |
|----|---|------------------|
| 1 | Chronic disease prevention..... | 1,767,400 |
| 2 | Diabetes and kidney program--8.0 FTE positions..... | 3,985,700 |
| 3 | Health education, promotion, and research | |
| 4 | programs--2.9 FTE positions..... | 1,352,800 |
| 5 | Injury control intervention project..... | 925,000 |
| 6 | Michigan Parkinson's foundation..... | 200,000 |
| 7 | Morris Hood Wayne State University diabetes outreach. | 500,000 |
| 8 | Physical fitness, nutrition, and health..... | 1,500,000 |
| 9 | Public health traffic safety coordination..... | 650,000 |
| 10 | Smoking prevention program--6.2 FTE positions..... | 5,544,700 |
| 11 | Tobacco tax collection and enforcement..... | 810,000 |
| 12 | Violence prevention..... | <u>1,446,900</u> |
| 13 | GROSS APPROPRIATION..... \$ | 36,929,900 |
| 14 | Appropriated from: | |
| 15 | Federal revenues: | |
| 16 | Total federal revenues..... | 15,203,200 |
| 17 | Special revenue funds: | |
| 18 | Total other state restricted revenues..... | 17,882,300 |
| 19 | State general fund/general purpose..... \$ | 3,844,400 |
| 20 | Sec. 113. COMMUNITY LIVING, CHILDREN, AND FAMILIES | |
| 21 | Full-time equated classified positions.....84.0 | |
| 22 | Adolescent and child health care services..... \$ | 3,742,300 |
| 23 | Childhood lead program--5.0 FTE positions..... | 1,412,200 |
| 24 | Children's waiver home care program..... | 23,969,800 |
| 25 | Community living, children, and families | |
| 26 | administration--68.5 FTE positions..... | 7,285,100 |

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| | | |
|----|---|----------------|
| 1 | Dental programs..... | 510,400 |
| 2 | Dental program for persons with developmental | |
| 3 | disabilities..... | 151,000 |
| 4 | Early childhood collaborative secondary prevention... | 1,000,000 |
| 5 | Family planning local agreements..... | 8,393,900 |
| 6 | Family support subsidy..... | 15,474,000 |
| 7 | Housing and support services--1.0 FTE position..... | 5,579,300 |
| 8 | Local MCH services..... | 15,050,200 |
| 9 | Medicaid outreach and service delivery support..... | 6,488,600 |
| 10 | Migrant health care..... | 200,000 |
| 11 | Newborn screening follow-up and treatment services... | 2,428,000 |
| 12 | Omnibus budget reconciliation act implementation--9.0 | |
| 13 | FTE positions..... | 12,770,500 |
| 14 | Pediatric AIDS prevention and control..... | 1,026,300 |
| 15 | Pregnancy prevention program..... | 6,346,100 |
| 16 | Prenatal care outreach and service delivery support.. | 4,299,300 |
| 17 | Southwest community partnership..... | 1,547,300 |
| 18 | Special projects--0.5 FTE position..... | 6,582,500 |
| 19 | Sudden infant death syndrome program..... | <u>321,300</u> |
| 20 | GROSS APPROPRIATION..... | \$ 124,578,100 |
| 21 | Appropriated from: | |
| 22 | Federal revenues: | |
| 23 | Total federal revenues..... | 74,379,300 |
| 24 | Special revenue funds: | |
| 25 | Private funds..... | 261,100 |
| 26 | Total other state restricted revenues..... | 12,990,000 |

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| | | | |
|----|--|------|--------------------|
| 1 | State general fund/general purpose..... | \$ | 36,947,700 |
| 2 | Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION | | |
| 3 | PROGRAMS | | |
| 4 | Full-time equated classified positions..... | 42.0 | |
| 5 | Women, infants, and children program administration | | |
| 6 | and special projects--42.0 FTE positions..... | \$ | 4,951,300 |
| 7 | Women, infants, and children program local agreements | | |
| 8 | and food costs..... | | <u>164,311,000</u> |
| 9 | GROSS APPROPRIATION..... | \$ | 169,262,300 |
| 10 | Appropriated from: | | |
| 11 | Federal revenues: | | |
| 12 | Total federal revenues..... | | 121,386,400 |
| 13 | Special revenue funds: | | |
| 14 | Total private revenues..... | | 47,875,900 |
| 15 | State general fund/general purpose..... | \$ | 0 |
| 16 | Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES | | |
| 17 | Full-time equated classified positions..... | 66.6 | |
| 18 | Children's special health care services | | |
| 19 | administration--66.6 FTE positions..... | \$ | 5,058,500 |
| 20 | Amputee program..... | | 184,600 |
| 21 | Bequests for care and services..... | | 1,579,600 |
| 22 | Case management services..... | | 3,923,500 |
| 23 | Conveyor contract..... | | 587,100 |
| 24 | Medical care and treatment..... | | <u>134,418,900</u> |
| 25 | GROSS APPROPRIATION..... | \$ | 145,752,200 |
| 26 | Appropriated from: | | |

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| | | |
|----|--|-------------------|
| 1 | Federal revenues: | |
| 2 | Total federal revenues..... | 69,408,100 |
| 3 | Special revenue funds: | |
| 4 | Private-bequests..... | 750,000 |
| 5 | Total other state restricted revenues..... | 650,000 |
| 6 | State general fund/general purpose..... \$ | 74,944,100 |
| 7 | Sec. 116. OFFICE OF DRUG CONTROL POLICY | |
| 8 | Full-time equated classified positions.....17.0 | |
| 9 | Drug control policy--17.0 FTE positions..... \$ | 1,973,400 |
| 10 | Anti-drug-abuse grants..... | <u>28,659,200</u> |
| 11 | GROSS APPROPRIATION..... \$ | 30,632,600 |
| 12 | Appropriated from: | |
| 13 | Federal revenues: | |
| 14 | Total federal revenues..... | 30,246,600 |
| 15 | State general fund/general purpose..... \$ | 386,000 |
| 16 | Sec. 117. CRIME VICTIM SERVICES COMMISSION | |
| 17 | Full-time equated classified positions.....9.0 | |
| 18 | Grants administration services--9.0 FTE positions.... \$ | 1,040,500 |
| 19 | Justice assistance grants..... | 15,000,000 |
| 20 | Crime victim rights services grants..... | <u>7,655,300</u> |
| 21 | GROSS APPROPRIATION..... \$ | 23,695,800 |
| 22 | Appropriated from: | |
| 23 | Federal revenues: | |
| 24 | Total federal revenues..... | 15,939,900 |
| 25 | Special revenue funds: | |
| 26 | Total other state restricted revenues..... | 7,240,900 |

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| | | | |
|----|---|-------|------------------|
| 1 | State general fund/general purpose..... | \$ | 515,000 |
| 2 | Sec. 118. OFFICE OF SERVICES TO THE AGING | | |
| 3 | Full-time equated classified positions..... | 41.5 | |
| 4 | Commission (per diem \$50.00)..... | \$ | 10,500 |
| 5 | Long-term care advisor--3.0 FTE positions..... | | 761,000 |
| 6 | Office of services to aging administration--38.5 FTE | | |
| 7 | positions..... | | 4,201,200 |
| 8 | Community services..... | | 34,589,900 |
| 9 | Nutrition services..... | | 37,289,300 |
| 10 | Senior volunteer services..... | | 6,268,500 |
| 11 | Senior citizen centers staffing and equipment..... | | 1,130,000 |
| 12 | Employment assistance..... | | 2,818,300 |
| 13 | Respite care program..... | | <u>7,100,000</u> |
| 14 | GROSS APPROPRIATION..... | \$ | 94,168,700 |
| 15 | Appropriated from: | | |
| 16 | Federal revenues: | | |
| 17 | Total federal revenues..... | | 48,813,400 |
| 18 | Special revenue funds: | | |
| 19 | Tobacco settlement revenue..... | | 5,761,000 |
| 20 | Total other state restricted revenues..... | | 2,600,000 |
| 21 | State general fund/general purpose..... | \$ | 36,994,300 |
| 22 | Sec. 119. MEDICAL SERVICES ADMINISTRATION | | |
| 23 | Full-time equated classified positions..... | 333.7 | |
| 24 | Medical services administration--333.7 FTE positions. | \$ | 46,747,500 |
| 25 | Facility inspection contract - state police..... | | <u>132,800</u> |
| 26 | GROSS APPROPRIATION..... | \$ | 46,880,300 |

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| | | |
|----|---|---------------|
| 1 | Appropriated from: | |
| 2 | Federal revenues: | |
| 3 | Total federal revenues..... | 30,639,700 |
| 4 | Special revenue funds: | |
| 5 | State general fund/general purpose..... \$ | 16,240,600 |
| 6 | Sec. 120. MEDICAL SERVICES | |
| 7 | Hospital services and therapy..... \$ | 779,605,200 |
| 8 | Hospital disproportionate share payments..... | 45,000,000 |
| 9 | Physician services..... | 154,913,400 |
| 10 | Medicare premium payments..... | 153,456,600 |
| 11 | Pharmaceutical services..... | 593,178,300 |
| 12 | Home health services..... | 30,171,200 |
| 13 | Transportation..... | 8,015,900 |
| 14 | Auxiliary medical services..... | 88,849,100 |
| 15 | Ambulance services..... | 6,250,000 |
| 16 | Long-term care services..... | 1,121,669,500 |
| 17 | Home and community based waiver program..... | 132,300,000 |
| 18 | Elder prescription insurance coverage..... | 145,000,000 |
| 19 | Health maintenance organizations..... | 1,438,391,600 |
| 20 | MiChild program..... | 57,067,100 |
| 21 | MiFamily Plan..... | 191,091,900 |
| 22 | Personal care services..... | 29,818,800 |
| 23 | Maternal and child health..... | 9,234,500 |
| 24 | Adult home help..... | 188,795,400 |
| 25 | Social services to the physically disabled..... | 1,412,100 |
| 26 | Subtotal basic medical services program..... | 5,174,220,600 |

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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..... | \$ 6,253,315,700 |
| 5 | Appropriated from: | |
| 6 | Federal revenues: | |
| 7 | Total federal revenues..... | 3,567,309,200 |
| 8 | Special revenue funds: | |
| 9 | Total local revenues..... | 873,493,700 |
| 10 | Total private revenues..... | 11,512,700 |
| 11 | Tobacco settlement revenue..... | 65,007,200 |
| 12 | Total other state restricted revenues..... | 603,301,100 |
| 13 | State general fund/general purpose..... | \$ 1,132,691,800 |

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PART 2

17

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003

18

GENERAL SECTIONS

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Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$3,247,630,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$1,037,906,500.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

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| | | | |
|----|---|----|-------------|
| 1 | DEPARTMENTWIDE ADMINISTRATION | | |
| 2 | Departmental administration and management..... | \$ | 15,656,500 |
| 3 | Rural health services..... | | 35,000 |
| 4 | MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION | | |
| 5 | AND SPECIAL PROJECTS | | |
| 6 | Mental health initiatives for older persons..... | | 1,165,800 |
| 7 | COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES | | |
| 8 | PROGRAMS | | |
| 9 | State disability assistance program substance abuse | | |
| 10 | services..... | | 6,600,000 |
| 11 | Community substance abuse prevention, education, | | |
| 12 | and treatment programs..... | | 19,607,200 |
| 13 | Medicaid mental health services..... | | 604,118,600 |
| 14 | Community mental health non-Medicaid services..... | | 274,813,700 |
| 15 | Multicultural services..... | | 3,560,000 |
| 16 | Medicaid substance abuse services..... | | 12,230,000 |
| 17 | Respite services..... | | 3,318,600 |
| 18 | INFECTIOUS DISEASE CONTROL | | |
| 19 | AIDS prevention, testing and care programs..... | | 1,466,800 |
| 20 | Immunization local agreements..... | | 2,973,900 |
| 21 | Sexually transmitted disease control local agreements | | 452,900 |
| 22 | LOCAL HEALTH ADMINISTRATION AND GRANTS | | |
| 23 | Local public health operations..... | | 43,123,700 |
| 24 | CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH | | |
| 25 | PROMOTION | | |
| 26 | Cancer prevention and control program..... | | 722,400 |

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| | | |
|----|---|------------------|
| 1 | Diabetes and kidney program..... | 909,000 |
| 2 | Smoking prevention program..... | 1,380,800 |
| 3 | COMMUNITY LIVING, CHILDREN, AND FAMILIES | |
| 4 | Adolescent and child health care services..... | 1,361,600 |
| 5 | Childhood lead program..... | 85,000 |
| 6 | Family planning local agreements..... | 1,301,400 |
| 7 | Local MCH services..... | 246,100 |
| 8 | Omnibus budget reconciliation act implementation..... | 2,152,700 |
| 9 | Pregnancy prevention program..... | 3,169,600 |
| 10 | Prenatal care outreach and service delivery support.. | 1,235,000 |
| 11 | CHILDREN'S SPECIAL HEALTH CARE SERVICES | |
| 12 | Case management services..... | 3,319,900 |
| 13 | MEDICAL SERVICES | |
| 14 | Transportation..... | 866,200 |
| 15 | OFFICE OF SERVICES TO THE AGING | |
| 16 | Community services..... | 13,292,900 |
| 17 | Nutrition services..... | 12,848,500 |
| 18 | Senior volunteer services..... | 841,400 |
| 19 | CRIME VICTIM SERVICES COMMISSION | |
| 20 | Crime victim rights services grants..... | <u>5,051,300</u> |
| 21 | TOTAL OF PAYMENTS TO LOCAL UNITS | |
| 22 | OF GOVERNMENT..... | \$ 1,037,906,500 |
| 23 | Sec. 202. (1) The appropriations authorized under this act are | |
| 24 | subject to the management and budget act, 1984 PA 431, MCL 18.1101 to | |
| 25 | 18.1594. | |
| 26 | (2) Funds for which the state is acting as the custodian or agent | |
| 27 | are not subject to annual appropriation. | |

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1 Sec. 203. As used in this act:

2 (a) "ACCESS" means Arab community center for economic and social
3 services.

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

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

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

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

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

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

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

15 (i) "EPSDT" means early and periodic screening, diagnosis, and
16 treatment.

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

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

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

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

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

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

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

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

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1 (r) "Title XVIII" means title XVIII of the social security act,
2 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to
3 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to
4 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and
5 1395bbb to 1395ggg.

6 (s) "Title XIX" means title XIX of the social security act, chapter
7 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6, and 1396r-8 to 1396v.

8 (t) "Title XX" means title XX of the social security act, chapter
9 531, 49 U.S.C. 1397 to 1397f.

10 (u) "WIC" means women, infants, and children supplemental nutrition
11 program.

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

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

23 (2) The state budget director shall grant exceptions to this hiring
24 freeze when the state budget director believes that the hiring freeze
25 will result in rendering a state department or agency unable to deliver
26 basic services, cause loss of revenue to the state, result in the
27 inability of the state to receive federal funds, or would necessitate

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1 additional expenditures that exceed any savings from maintaining the
2 vacancy. The state budget director shall report by the last day of each
3 month to the chairpersons of the senate and house of representatives
4 standing committees on appropriations the number of exceptions to the
5 hiring freeze approved during the previous month and the reasons to jus-
6 tify the exception.

7 Sec. 206. (1) In addition to the funds appropriated in part 1,
8 there is appropriated an amount not to exceed \$100,000,000.00 for federal
9 contingency funds. These funds are not available for expenditure until
10 they have been transferred to another line item in this act under
11 section 393(2) of the management and budget act, 1984 PA 431,
12 MCL 18.1393.

13 (2) In addition to the funds appropriated in part 1, there is appro-
14 priated an amount not to exceed \$50,000,000.00 for state restricted con-
15 tingency funds. These funds are not available for expenditure until they
16 have been transferred to another line item in this act under
17 section 393(2) of the management and budget act, 1984 PA 431,
18 MCL 18.1393.

19 (3) In addition to the funds appropriated in part 1, there is appro-
20 priated an amount not to exceed \$50,000,000.00 for local contingency
21 funds. These funds are not available for expenditure until they have
22 been transferred to another line item in this act under section 393(2) of
23 the management and budget act, 1984 PA 431, MCL 18.1393.

24 (4) In addition to the funds appropriated in part 1, there is appro-
25 priated an amount not to exceed \$10,000,000.00 for private contingency
26 funds. These funds are not available for expenditure until they have

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1 been transferred to another line item in this act under section 393(2) of
2 the management and budget act, 1984 PA 431, MCL 18.1393.

3 Sec. 207. At least 120 days before beginning any effort to privat-
4 ize, the department shall submit a complete project plan to the appropri-
5 ate senate and house of representatives appropriations subcommittees and
6 the senate and house fiscal agencies. The plan shall include the cri-
7 teria under which the privatization initiative will be evaluated. The
8 evaluation shall be completed and submitted to the appropriate senate and
9 house of representatives appropriations subcommittees and the senate and
10 house fiscal agencies within 30 months.

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

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

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

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1 Sec. 210. (1) The director shall take all reasonable steps to
2 ensure businesses in deprived and depressed communities compete for and
3 perform contracts to provide services or supplies, or both. The director
4 shall strongly encourage firms with which the department contracts to
5 subcontract with certified businesses in depressed and deprived communi-
6 ties for services, supplies, or both.

7 (2) The director shall take all reasonable steps to ensure equal
8 opportunity for all who compete for and perform contracts to provide
9 services or supplies, or both, for the department. The director shall
10 strongly encourage firms with which the department contracts to provide
11 equal opportunity for subcontractors to provide services or supplies, or
12 both.

13 Sec. 211. If the revenue collected by the department from fees and
14 collections exceeds the amount appropriated in part 1, the revenue may be
15 carried forward with the approval of the state budget director into the
16 subsequent fiscal year. The revenue carried forward under this section
17 shall be used as the first source of funds in the subsequent fiscal
18 year.

19 Sec. 212. (1) From the amounts appropriated in part 1, no greater
20 than the following amounts are supported with federal maternal and child
21 health block grant, preventive health and health services block grant,
22 substance abuse block grant, healthy Michigan fund, and Michigan health
23 initiative funds:

| | | | |
|----|---|----|------------|
| 24 | (a) Maternal and child health block grant..... | \$ | 20,627,000 |
| 25 | (b) Preventive health and health services block grant | | 6,115,300 |
| 26 | (c) Substance abuse block grant..... | | 61,371,200 |

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1 (d) Healthy Michigan fund..... 34,865,900

2 (e) Michigan health initiative..... 9,060,200

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

9 (3) Upon the release of the fiscal year 2003-2004 executive budget
10 recommendation, the department shall report to the same parties in
11 subsection (2) on the amounts and detailed sources of federal,
12 restricted, private, and local revenue proposed to support the total
13 funds appropriated in each of the line items in part 1 of the fiscal year
14 2002-2003 executive budget proposal.

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

18 Sec. 213. The state departments, agencies, and commissions receiv-
19 ing tobacco tax funds from part 1 shall report by January 1, 2003, to the
20 senate and house of representatives appropriations committees, the senate
21 and house fiscal agencies, and the state budget director on the
22 following:

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

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

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

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

4 (e) Any other information considered necessary by the house of rep-
5 resentatives or senate appropriations committees or the state budget
6 director.

7 Sec. 214. The use of state restricted tobacco tax revenue received
8 for the purpose of tobacco prevention, education, and reduction efforts
9 and deposited in the healthy Michigan fund shall not be used for lobbying
10 as defined in 1978 PA 472, MCL 4.411 to 4.431.

11 Sec. 216. (1) In addition to funds appropriated in part 1 for all
12 programs and services, there is appropriated for write-offs of accounts
13 receivable, deferrals, and for prior year obligations in excess of appli-
14 cable prior year appropriations, an amount equal to total write-offs and
15 prior year obligations, but not to exceed amounts available in prior year
16 revenues.

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

21 (3) The department shall report by March 15, 2003 and September 15,
22 2003 to the house of representatives and senate appropriations subcommit-
23 tees on community health on all reimbursements, refunds, adjustments, and
24 settlements from prior years.

25 Sec. 218. Basic health services for the purpose of part 23 of the
26 public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:
27 immunizations, communicable disease control, sexually transmitted disease

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1 control, tuberculosis control, prevention of gonorrhea eye infection in
2 newborns, screening newborns for the 7 conditions listed in section
3 5431(1)(a) through (g) of the public health code, 1978 PA 368,
4 MCL 333.5431, community health annex of the Michigan emergency management
5 plan, and prenatal care.

6 Sec. 219. (1) The department may contract with the Michigan public
7 health institute for the design and implementation of projects and for
8 other public health related activities prescribed in section 2611 of the
9 public health code, 1978 PA 368, MCL 333.2611. The department may
10 develop a master agreement with the institute to carry out these purposes
11 for up to a 3-year period. The department shall report to the house of
12 representatives and senate appropriations subcommittees on community
13 health, the house and senate fiscal agencies, and the state budget direc-
14 tor on or before November 1, 2002 and May 1, 2003 all of the following:

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

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

19 (c) The expected project duration.

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

22 (2) If a report required under subsection (1) is not received by the
23 house of representatives and senate appropriations subcommittees on com-
24 munity health, the house and senate fiscal agencies, and the state budget
25 director on or before the date specified for that report, the disburse-
26 ment of funds to the Michigan public health institute under this section

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1 shall stop. The disbursement of those funds shall recommence when the
2 overdue report is received.

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

8 Sec. 220. All contracts with the Michigan public health institute
9 funded with appropriations in part 1 shall include a requirement that the
10 Michigan public health institute submit to financial and performance
11 audits by the state auditor general of projects funded with state
12 appropriations.

13 Sec. 223. The department of community health may establish and col-
14 lect fees for publications, videos and related materials, conferences,
15 and workshops. Collected fees shall be used to offset expenditures to
16 pay for printing and mailing costs of the publications, videos and
17 related materials, and costs of the workshops and conferences. The costs
18 shall not exceed fees collected.

19 Sec. 224. It is the intent of the legislature that, from the funds
20 appropriated in part 1, reimbursement rates be raised by 5% for the fol-
21 lowing providers: community mental health Medicaid, community mental
22 health non-Medicaid, Medicaid substance abuse, non-Medicaid substance
23 abuse, local public health, children's waiver, family support subsidy,
24 children's special health care, the conveyor contract, senior volunteer
25 services, hospital inpatient services, hospital outpatient services,
26 graduate medical education, physician services, home health services,
27 transportation services, auxiliary medical services, ambulance services,

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1 long-term care services, the home and community based waiver, health
2 maintenance organizations, adult home help, social services to the physi-
3 cally disabled, and personal care services.

4 Sec. 259. From the funds appropriated in part 1 for information
5 technology, the department shall pay user fees to the department of
6 information technology for technology related services and projects. The
7 user fees are subject to provisions of any interagency agreement between
8 the department and the department of information technology.

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

15 **DEPARTMENTWIDE ADMINISTRATION**

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

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

23 Sec. 303. The department is prohibited from requiring first-party
24 payment from individuals or families with a taxable income of \$10,000.00

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1 or less for mental health services for determinations made in accordance
2 with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

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

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

10 Sec. 307. From the funds appropriated in part 1 for primary care
11 services, \$3,572,200.00 is allocated to the following organizations:
12 \$300,000.00 to ACCESS, \$300,000.00 to the Arab American and Chaldean
13 council, \$155,100.00 to the Bay Mills Indian health center, \$150,000.00
14 to the center for family health, \$279,500.00 to Cherry street health
15 services, \$1,029,700.00 to the community health and social services
16 center, \$125,000.00 to the Detroit community health connection,
17 \$150,000.00 to the family health center-Battle Creek, \$286,300.00 to the
18 Hamilton avenue health center, \$25,000.00 to the Mackinac Island health
19 center, \$150,000.00 to Mid-Michigan health services, \$438,500.00 to the
20 North Oakland medical center, and \$183,100.00 to the Upper Peninsula
21 association of rural health services. A total of \$1,651,800.00 is allo-
22 cated to the federally qualified health centers and federally qualified
23 health center lookalikes to support their participation in indigent care
24 programs. The department shall allocate the remaining funding based on
25 the total number of users with no insurance or on Medicaid as reported in
26 the most recent universal data system reports submitted to the United

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1 States department of health and human services of those federally
2 qualified health centers and lookalikes.

3 Sec. 308. From the funds appropriated in part 1 for primary care
4 services, \$200,000.00 may be allocated to free health clinics operating
5 in the state. An advisory committee may be appointed by the department
6 and include not less than 4 members representing free health clinics, 1
7 member representing the Michigan state medical society, 1 member repre-
8 senting the Michigan health and hospital association, and 1 member repre-
9 senting nurse practitioners. Health clinics receiving funding under this
10 section shall register with the department by submitting a form to be
11 designed by the committee. For the purpose of this appropriation, free
12 health clinics are health care facilities that provide services without
13 charge or compensation.

14 Sec. 309. The Breton health center shall be designated as a state
15 sponsored health center for the purpose of qualifying certified
16 health care providers for loan repayments under the Michigan essential
17 health care provider program.

Sec. 310. (1) The department shall identify all primary care
clinics located in federally designated health professional shortage
areas.

(2) The department shall provide assistance, at the request of any
primary care clinic identified in subsection (1), in attaining
designation as a state sponsored health center for the purpose of
qualifying certified health care providers for loan repayments under the
Michigan essential health care provider program.

(3) The department shall provide bi-monthly reports to the Senate
and House appropriations subcommittees on community health and the Senate
and House fiscal agencies on the names and locations of all clinics
located in federally designated health professional shortage areas and
those clinics that have been designated as Michigan essential health care
provider sites.

18 **MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION**
19 **AND SPECIAL PROJECTS**

20 Sec. 350. The department may enter into a contract with the protec-
21 tion and advocacy service, authorized under section 931 of the mental
22 health code, 1974 PA 258, MCL 330.1931, or a similar organization to pro-
23 vide legal services for purposes of gaining and maintaining occupancy in
24 a community living arrangement which is under lease or contract with the

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1 department or a community mental health services program to provide
2 services to persons with mental illness or developmental disability.

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

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

7 **PROGRAMS**

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

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

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

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

24 (d) Individualized plans of service that are sufficient to meet the
25 needs of individuals, including those discharged from psychiatric

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1 hospitals or centers, and that ensure the full range of recipient needs
2 is addressed through the CMHSP's program or through assistance with
3 locating and obtaining services to meet these needs.

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

7 (f) A system of continuous quality improvement.

8 (g) A system to monitor and evaluate the mental health services
9 provided.

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

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

16 (3) A contract between a CMHSP and the department shall not be
17 altered or modified without a prior written agreement of the parties to
18 the contract.

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

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1 2002-2003 does not exceed the amount of money appropriated in part 1 for
2 the contracts authorized under this subsection.

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

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

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

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

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

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

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

25 (a) A demographic description of service recipients which, minimal-
26 ly, shall include reimbursement eligibility, client population, age,
27 ethnicity, housing arrangements, and diagnosis.

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

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

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

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

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

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

19 (ii) The number of people who requested services but did not receive
20 services.

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

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

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

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

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

10 (j) Lapses and carryforwards during fiscal year 2001-2002 for
11 CMHSPs.

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

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

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

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

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

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

25 Sec. 405. It is the intent of the legislature that the employee
26 wage pass-through funded to the community mental health services programs
27 for direct care workers in local residential settings and for

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1 paraprofessional and other nonprofessional direct care workers in day
2 programs, supported employment, and other vocational programs shall con-
3 tinue to be paid to direct care workers.

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

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

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

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

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

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

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

13 (c) Number of services provided by central diagnosis and referral
14 agency, by subcontractor, and by service type. Additionally, data on
15 length of stay, referral source, and participation in other state
16 programs.

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

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

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

26 Sec. 410. The department shall assure that substance abuse
27 treatment is provided to applicants and recipients of public assistance

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1 through the family independence agency who are required to obtain
2 substance abuse treatment as a condition of eligibility for public
3 assistance.

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

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

18 Sec. 412. The department shall contract directly with the Salvation
19 Army harbor light program and Salvation Army turning point of west
20 Michigan to provide non-Medicaid substance abuse services at not less
21 than the amount contracted for in fiscal year 2001-2002. The department
22 shall make administrative allocation of not less than 10% of the amount
23 contracted for in fiscal year 2001-2002 for those programs of the
24 Salvation Army.

25 Sec. 413. By October 1, 2002, the department shall report to the
26 legislature on the methodology utilized and the adjustments made to
27 increase Medicaid payments to CMHSPs as part of the health insurance

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1 flexibility and accountability waiver, and calculations to make
2 consolidated payments to affiliated CMHSPs serving as prepaid health
3 plans in the regional affiliations.

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

16 Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceuti-
17 cal services, community mental health boards shall not be held liable for
18 the cost of prescribed psychotropic medications during fiscal year
19 2002-2003.

20 (2) In calculating the available amount of lapses for use in offset-
21 ting overexpenditures resulting from the implementation of this section,
22 those lapses credited to community mental health line items shall only
23 include appropriation lapses in excess of the amount calculated for the
24 5% carryforward defined in state statute.

25 (3) The department shall provide quarterly reports to the senate and
26 house of representatives appropriations subcommittees on community
27 health, their respective fiscal agencies, and community mental health

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1 boards that include data on psychotropic medications regarding the type,
2 number, cost and prescribing patterns of Medicaid providers.

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

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

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

17 (3) The pilot projects described in this section shall be completely
18 voluntary and be based on projects proposed by the community mental
19 health boards. Each proposed pilot project shall be consistent with the
20 scope, duration, risks, and inducements contained in the plan for compet-
21 itive procurement that the department submits to the centers for Medicare
22 and Medicaid services as part of the renewal request for the
23 section 1915(b) managed specialty services waiver.

24 (4) A regional partnership or individual CMHSP serving as a prepaid
25 health plan may retain 100% of any surplus of Medicaid revenue over
26 expenditures, authorized under section 226(2)(b) of the mental health
27 code, 1974 PA 258, MCL 330.1226. Any surplus retained by a regional

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1 partnership or CMHSP shall be retained as local funds by that regional
2 partnership or CMHSP if allowed under federal law. The department shall
3 submit an amendment to the centers for Medicare and Medicaid services
4 reflecting any changes to the Medicaid savings portion of the waiver as a
5 result of the operation of this section.

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

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

21 Sec. 419. From the funds appropriated in part 1 for Medicaid sub-
22 stance abuse services and community substance abuse prevention, educa-
23 tion, and treatment programs, the department and a CMHSP that contract
24 with a substance abuse coordinating agency shall include a provision in
25 the contract that allows the agency to carry forward up to 5% of its
26 revenue.

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

7 Sec. 422. (1) It is the intent of the legislature that the depart-
8 ment support pilot projects by CMHSPs to control and manage psychotropic
9 drug costs associated with the managed specialty services and supports
10 program.

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

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

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

20 Sec. 423. The department shall work cooperatively with the family
21 independence agency and the departments of corrections, education, state
22 police, and military and veterans affairs to coordinate and improve the
23 delivery of substance abuse prevention, education, and treatment programs
24 within existing appropriations. The department shall report by March 15,
25 2003 on the outcomes of this cooperative effort to the house of represen-
26 tatives and senate appropriations subcommittees on community health, the
27 house and senate fiscal agencies, and the state budget director.

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1 Sec. 424. Each community mental health services program that
2 contracts with the department to provide services to the Medicaid popula-
3 tion shall adhere to the following timely claims processing and payment
4 procedure for claims submitted by health professionals and facilities:

5 (a) A "clean claim" as described in section 111i of the social wel-
6 fare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after
7 receipt of the claim by the community mental health services program. A
8 clean claim that is not paid within this time frame shall bear simple
9 interest at a rate of 12% per annum.

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

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

18 Sec. 425. By March 1, 2003, the department, in conjunction with the
19 department of corrections, shall report the following data from fiscal
20 year 2001-2002 on mental health and substance abuse services to the house
21 of representatives and senate appropriations subcommittees on community
22 health and corrections, the house and senate fiscal agencies, and the
23 state budget office:

24 (a) The number of prisoners receiving substance abuse services which
25 shall include a description and breakdown on the type of substance abuse
26 services provided to prisoners.

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

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

7 Sec. 426. (1) By May 31, 2003, the department shall provide the
8 senate and house appropriations subcommittees on community health, the
9 senate and house fiscal agencies, and the state budget director with a
10 report on mental health services to minors assigned or referred by the
11 courts and found to meet CMHSP clinical and financial eligibility deter-
12 mination requirements for fiscal year 2001-2002.

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

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

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

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

23 (i) Age.

24 (ii) Primary diagnosis, stated as a specifically named condition
25 corresponding to the terminology employed in the latest version of the
26 diagnostic and statistical manual of the American psychiatric
27 association.

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

(iv) Average length of stay in CMHSP treatment.

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

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

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

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

(3) Effective October 1, 2002 and subject to the conditions specified in subsection (4), a CMHSP under contract with the department to provide comprehensive community mental health services that fails to become an authority, regional partnership, or other similar entity approved by the department, shall have their capitation rates reduced by 2%. Should the entity subsequently become an authority, regional

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1 partnership, or other similar entity approved by the department, that
2 entity shall have its capitation rates restored and may receive a capita-
3 tion rate increase of up to 1.8% as of the effective date that the entity
4 obtains its authority, regional partnership, or other similar entity
5 approved by the department status.

6 (4) The ability of an authority, regional partnership, or other sim-
7 ilar entity approved by the department to receive a capitation rate
8 increase as specified in subsection (1), (2), or (3) is predicated on the
9 capacity of that entity to provide, from internal resources, funds that
10 can be used as a bona fide source for the state match required under the
11 Medicaid program. These funds shall not include either state funds
12 received by a CMHSP for services provided to non-Medicaid recipients or
13 the state matching portion of the Medicaid capitation payments made to a
14 CMHSP.

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

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

26 Sec. 431. From the funds appropriated in part 1 for Medicaid mental
27 health services, CMHSPs that contract with local providers of mental

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1 health services and services for persons with developmental disabilities,
2 under a capitated reimbursement system, may include a provision in the
3 contract that allows the providers to carry forward up to 5% of unobli-
4 gated capitation payments.

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

16 Sec. 433. The department shall apply for a "system of change" grant
17 from the centers for Medicare and Medicaid services. This grant is
18 intended to support self-determination initiatives, including a consumer
19 cooperative proposal, for persons with developmental disabilities and
20 persons with mental illness.

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

 Sec. 436. CMHSPs, regional partnerships, and other entities who
are chosen to provide public mental health services through the 1915(b)
specialty services and support waiver bidding process shall endeavor to
minimize disruptions in services to their clientele due to potential
changes in their contracts with providers.

1 STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH
2 DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON
3 MENTAL HEALTH SERVICES

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

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

16 Sec. 602. Unexpended and unencumbered amounts and accompanying
17 expenditure authorizations up to \$500,000.00 remaining on September 30,
18 2003 from pay telephone revenues and the amounts appropriated in part 1
19 for gifts and bequests for patient living and treatment environments
20 shall be carried forward for 1 fiscal year. The purpose of gifts and
21 bequests for patient living and treatment environments is to use addi-
22 tional private funds to provide specific enhancements for individuals
23 residing at state-operated facilities. Use of the gifts and bequests
24 shall be consistent with the stipulation of the donor. The expected com-
25 pletion date for the use of gifts and bequests donations is within 3
26 years unless otherwise stipulated by the donor.

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1 Sec. 603. The funds appropriated in part 1 for forensic mental
2 health services provided to the department of corrections are in
3 accordance with the interdepartmental plan developed in cooperation with
4 the department of corrections. The department is authorized to receive
5 and expend funds from the department of corrections in addition to the
6 appropriations in part 1 to fulfill the obligations outlined in the
7 interdepartmental agreements.

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

10 (a) The number of days of care purchased from state hospitals and
11 centers.

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

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

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

17 (2) The department shall semiannually report the information in sub-
18 section (1) to the house of representatives and senate appropriations
19 subcommittees on community health, the house and senate fiscal agencies,
20 and the state budget director.

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

26 (2) All closures or consolidations are dependent upon adequate
27 department-approved CMHSP plans that include a discharge and aftercare

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1 plan for each person currently in the facility. A discharge and
2 aftercare plan shall address the person's housing needs. A homeless
3 shelter or similar temporary shelter arrangements are inadequate to meet
4 the person's housing needs.

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

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

14 Sec. 606. The department may collect revenue for patient reimburse-
15 ment from first- and third-party payers, including Medicaid, and local
16 counties and/or CMHSPs to cover the cost of placement in state hospitals
17 and centers. The department is authorized to adjust financing sources
18 for patient reimbursement based on actual revenues earned. If the reve-
19 nue collected exceeds current year expenditures, the revenue may be car-
20 ried forward with approval of the state budget director. The revenue
21 carried forward shall be used as a first source of funds in the subse-
22 quent year.

1 INFECTIOUS DISEASE CONTROL

2 Sec. 801. In the expenditure of funds appropriated in part 1 for
3 AIDS programs, the department and its subcontractors shall ensure that
4 adolescents receive priority for prevention, education, and outreach
5 services.

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

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

16 Sec. 805. (1) From the funds appropriated in part 1 for immuniza-
17 tion local agreements, the department shall establish a Natalia Horak
18 meningitis prevention initiative fund in an amount not to exceed
19 \$500,000.00.

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

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

5 **EPIDEMIOLOGY**

6 Sec. 851. From the funds appropriated in part 1 for epidemiology
7 administration, \$300,000.00 shall be allocated for an asthma intervention
8 program, including surveillance, community-based programs, and awareness
9 and education. The department shall seek federal funds as they are made
10 available for asthma programs.

11 Sec. 852. From the federal bioterrorism hospital preparedness pro-
12 gram funds appropriated in part 1 and consistent with federal guidelines,
13 the department shall allocate no less than \$1,100,000.00 to Sparrow
14 Hospital for the development of a capitol complex response plan covering
15 central Michigan and no less than \$3,000,000.00 for the development of
16 hospital response plans covering northern Michigan and the Upper
17 Peninsula, Grand Rapids and western Michigan, and Detroit and southeast-
18 ern Michigan.

19 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

20 Sec. 901. The amount appropriated in part 1 for implementation of
21 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
22 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
23 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local

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1 health departments for costs incurred related to implementation of
2 section 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

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

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

19 Sec. 904. (1) Funds appropriated in part 1 for local public health
20 operations shall be prospectively allocated to local health departments
21 to support immunizations, infectious disease control, sexually transmit-
22 ted disease control and prevention, hearing screening, vision services,
23 food protection, public water supply, private groundwater supply, and
24 on-site sewage management. Food protection shall be provided in consul-
25 tation with the Michigan department of agriculture. Public water supply,
26 private groundwater supply, and on-site sewage management shall be

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1 provided in consultation with the Michigan department of environmental
2 quality.

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

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

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

14 Sec. 905. In implementing the new funding distribution methodology
15 developed by the local public health operations funding formula work-
16 group, the department shall allocate to local health departments in
17 fiscal year 2002-2003 no less than 100% of their fiscal year 2001-2002
18 allocation.

19 Sec. 906. From the funds appropriated in part 1 for local health
20 services, the department shall allocate \$50,000.00 for the continuation
21 of a study to identify the sources of pollution and those responsible for
22 polluting in the Clinton River watershed, and, upon completion of the
23 pollution study, for a hydrology analysis of the Clinton River
24 watershed.

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. The allocation to the
14 Michigan physical fitness and sports foundation is contingent upon the
15 foundation providing at least a 20% cash match.

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

20 Sec. 1008. From the amount appropriated in part 1 for the cancer
21 prevention and control program, \$3,000,000.00 shall be allocated to the
22 Karmanos Cancer Institute/Wayne State University, to the University of
23 Michigan comprehensive cancer center, and to Michigan State University
24 for cancer and cancer prevention services and activities, consistent with
25 the current priorities of the Michigan cancer consortium.

26 Sec. 1009. From the funds appropriated in part 1 for the diabetes
27 and kidney program, a portion of the funds may be allocated to the

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1 National Kidney Foundation of Michigan for kidney disease prevention
2 programming including early identification and education programs and
3 kidney disease prevention demonstration projects.

4 Sec. 1010. Of the funds appropriated in part 1 for the health edu-
5 cation, promotion, and research programs, the department shall allocate
6 not less than \$400,000.00 to implement the osteoporosis prevention and
7 treatment education program targeting women and school health education.
8 As part of the program, the department shall design and implement strate-
9 gies for raising public awareness on the causes and nature of osteopo-
10 rosis, personal risk factors, value of prevention and early detection,
11 and options for diagnosing and treating osteoporosis.

12 Sec. 1011. From the funds appropriated in part 1 for the
13 African-American male health initiative, the department shall provide
14 funding to support a pilot project for cancer prevention and early detec-
15 tion for high-risk African-American low-income men. The pilot project
16 shall be conducted by a group composed of the department, the Barbara Ann
17 Karmanos Cancer Institute, and federally qualified health centers.
18 Services to the pilot project shall make available to uninsured or under-
19 insured high-risk men, subject to informed consent, include screening for
20 prostate cancer and colorectal cancer. Funds may be used for diagnostic
21 services if screening results are abnormal and for treatment services if
22 cancer is diagnosed.

23 Sec. 1013. The funds appropriated in part 1 for the Michigan
24 Parkinson's Foundation shall be used for implementation of the Michigan
25 Parkinson's Initiative which supports and educates persons with
26 Parkinson's disease and their families. Members of the Michigan
27 Parkinson's Initiative include the University of Michigan, Michigan State

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1 University, Wayne State University, Beaumont Hospital, St. John's
2 Hospital and Health Center, Henry Ford Health System, and other organiza-
3 tions as appropriate.

4 Sec. 1019. From the funds appropriated in part 1 for chronic dis-
5 ease prevention, \$50,000.00 shall be allocated for stroke prevention,
6 education, and outreach. The objectives of the program shall include
7 education to assist persons in identifying risk factors, and education to
8 assist persons in the early identification of the occurrence of a stroke
9 in order to minimize stroke damage.

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

13 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

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

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

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

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

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

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

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

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

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

23 (d) Require each adolescent health clinic funded by the agency to
24 have a written policy on parental consent, developed by the local
25 advisory committee and submitted to the local school board for approval
26 if the services are provided in a public school building where
27 instruction is provided in grades kindergarten through 12.

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

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

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

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

(a) Funding allocations.

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

3 (c) Actual numbers served and amounts expended in the categories
4 described in subdivisions (a) and (b) for the fiscal year 2001-2002.

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

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

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

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

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

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

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

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

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

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

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

7 (3) Programs and organizations that meet the guidelines of subsec-
8 tion (1) and criteria of subsection (2) shall have the option of
9 receiving all or part of their funds
directly from the department of community health.

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

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

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

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

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

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

10 Sec. 1112. From the funds appropriated for prenatal care outreach
11 and service delivery support, the department shall allocate at least
12 \$1,000,000.00 to communities with high infant mortality rates.

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

19 Sec. 1121. From the funds appropriated in part 1 for special
20 projects, \$150,000.00 shall be allocated for the continuation of
21 children's respite services that were funded in fiscal year 2000-2001.

22 Sec. 1126. In implementing the early childhood collaborative sec-
23 ondary prevention program, the department shall work cooperatively with
24 the department of education and the family independence agency to address
25 issues and coordinate activities for community-based collaborative pre-
26 vention services. The department shall report annually on the outcomes
27 of this collaborative effort to the senate and house of representatives

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1 appropriations subcommittees on community health and the senate and house
2 fiscal agencies.

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

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

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

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

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

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

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

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

22 (c) Provide genetic diagnostic and counseling services for eligible
23 families.

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

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

7 **CRIME VICTIM SERVICES COMMISSION**

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

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

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

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

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1 Sec. 1304. The department shall work with the department of state
2 police, the Michigan hospital association, the Michigan state medical
3 society, and the Michigan nurses association to ensure that the recommen-
4 dations included in the "Standard Recommended Procedures for the
5 Emergency Treatment of Sexual Assault Victims" are followed in the col-
6 lection of evidence.

7 **OFFICE OF SERVICES TO THE AGING**

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

12 Sec. 1403. The office of services to the aging shall require each
13 region to report to the office of services to the aging home delivered
14 meals waiting lists based upon standard criteria. Determining criteria
15 shall include all of the following:

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

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

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

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

22 Sec. 1404. The area agencies and local providers may receive and
23 expend fees for the provision of day care, care management, respite care,
24 and certain eligible home and community-based services. The fees shall

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1 be based on a sliding scale, taking client income into consideration.

2 The fees shall be used to expand services.

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

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

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

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

22 Sec. 1413. The legislature affirms the commitment to locally-based
23 services. The legislature supports the role of local county board of
24 commissioners in the approval of area agency on aging plans. The legis-
25 lature supports choice and the right of local counties to change member-
26 ship in the area agencies on aging if the change is to an area agency on
27 aging that is contiguous to that county. The legislature supports the

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1 office of services to the aging working with others to provide training
2 to commissions to better understand and advocate for aging issues. It is
3 the intent of the legislature to prohibit area agencies on aging from
4 providing direct services, including home and community-based waiver
5 services, unless they receive a waiver from the department. The
6 legislature's intent in this section is conditioned on compliance with
7 federal and state laws, rules, and policies.

8 Sec. 1416. The legislature affirms the commitment to provide
9 in-home services, resources, and assistance for the frail elderly who are
10 not being served by the Medicaid home and community services waiver
11 program.

12 **MEDICAL SERVICES ADMINISTRATION**

13 Sec. 1505. The department shall work with the department of career
14 development to explore options available under the ticket to work and
15 work incentives improvement act of 1999, Public Law 106-170, 113
16 Stat. 1860. The department shall provide a report on the options to
17 extend health care coverage for working disabled persons under federal
18 law by October 1, 2002.

19 Sec. 1507. Of the amount appropriated to medical services adminis-
20 tration for the "Ticket to Work" initiative in 2000 PA 296, \$50,000.00
21 shall be considered a work project. Those funds shall not lapse on
22 September 30, 2002 and shall be carried forward for the purpose of sup-
23 porting expenditures for the "Ticket to Work" initiative in fiscal year
24 2002-2003.

1 MEDICAL SERVICES

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

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

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

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

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

17 Sec. 1605. (1) The protected income level for Medicaid coverage
18 determined pursuant to section 106(1)(b)(iii) of the social welfare act,
19 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance
20 standard.

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

25 Sec. 1606. For the purpose of guardian and conservator charges, the
26 department of community health may deduct up to \$60.00 per month as an

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1 allowable expense against a recipient's income when determining medical
2 services eligibility and patient pay amounts.

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

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

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

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

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

26 Sec. 1608. The department shall update by October 1, 2002 and
27 distribute by November 1, 2002 to health care providers the pamphlet

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1 identifying patient rights and responsibilities described in
2 section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

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

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

19 (2) Notwithstanding subsection (1), medical services reimbursement
20 for hospital services provided to dual Medicare/medical services recip-
21 ients with Medicare Part B coverage only shall equal, when combined with
22 payments for Medicare and other third-party resources, if any, those
23 amounts established for medical services-only patients, including capital
24 payments.

25 Sec. 1612. (1) It is the intent of the legislature that a uniform
26 Medicaid billing form be developed by the department in consultation with
27 affected Medicaid providers. Every 2 months, the department shall

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1 provide reports to members of the senate and house of representatives
2 appropriations subcommittees on community health and the senate and house
3 fiscal agencies on the progress of this initiative.

4 (2) HMOs that contract with the department to provide services to
5 the Medicaid population shall adhere to the time frames for payment of
6 clean claims as defined in section 111i(2)(a) of the social welfare act,
7 1939 PA 280, MCL 400.111i, submitted by health professionals and facili-
8 ties and provide notice of any defect in claims submitted as specified in
9 section 111i of the social welfare act, 1939 PA 280, MCL 400.111i.

10 Sec. 1614. The department shall recalculate hospital inpatient
11 rates that were generated from the rebasing of fee-for-service hospital
12 inpatient payment rates that was completed in fiscal year 2001-2002. The
13 aggregate adjustment to payment rates made in this recalculation shall be
14 budget neutral.

15 Sec. 1620. (1) Effective October 1, 2002, the pharmaceutical dis-
16 pensing fee shall be \$3.77 or the usual or customary cash charge, which-
17 ever is less. If a Medicaid recipient is 21 years of age or older, the
18 department shall require a \$0.50 per prescription copayment for a generic
19 drug and a copayment of \$3.00 or less for a brand name drug for which an
20 equivalent generic drug is available, except as prohibited by federal or
21 state law or regulation.

22 (2) The state shall reimburse the provider for the amount of a
23 copayment if a Medicaid recipient is unable to pay that amount. If fed-
24 eral law prohibits that reimbursement, the prescription copayments in
25 subsection (1) shall revert to the \$1.00 per prescription copayment
26 described in 2000 PA 187, effective October 1, 2002.

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1 Sec. 1621. (1) The department may implement prospective drug
2 utilization review and disease management systems. The prospective drug
3 utilization review and disease management systems authorized by this sub-
4 section shall have physician oversight, shall focus on patient, physi-
5 cian, and pharmacist education, and shall be developed in consultation
6 with the national pharmaceutical council, Michigan state medical society,
7 Michigan association of osteopathic physicians, Michigan pharmacists'
8 association, Michigan health and hospital association, and Michigan
9 nurses' association.

10 (2) This section does not authorize or allow therapeutic
11 substitution.

12 Sec. 1622. The department may implement a mail-order pharmacy pro-
13 gram for the noncapitated portion of the Medicaid program after a study
14 by the department is submitted to the house of representatives and senate
15 appropriations subcommittees on community health and after the repeal of
16 section 17763(a) of the public health code, 1978 PA 368, MCL 333.17763.

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

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

24 (3) The notice in subsection (2) shall also clarify that a pharmacy
25 shall fill a prescription written for maintenance drugs in the quantity
26 specified by the physician, but not more than the maximum allowed under

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1 Medicaid, unless subsequent consultation with the prescribing physician
2 indicates otherwise.

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

12 (2) None of the tobacco settlement or other state restricted revenue
13 appropriated by the department to the EPIC program in fiscal year
14 2001-2002 shall lapse.

15 (3) The department shall place any funds that would have lapsed in a
16 reserve account for the sole purpose of providing revenue to fund the
17 EPIC program during fiscal year 2002-2003, in the event the proposed fed-
18 eral revenue to enhance EPIC program funding is not available.

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

22 Sec. 1627. (1) The department may negotiate with pharmaceutical
23 manufacturers to obtain the same level of quarterly rebates described in
24 section 1927 of title XIX, 42 U.S.C. 1396r-8, for drugs dispensed to
25 Medicaid recipients enrolled in managed care plans and to participants in
26 the eligible programs.

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1 (2) The program described in subsection (1) shall meet all of the
2 following:

3 (a) The rebates shall be payable for drugs dispensed to Medicaid
4 recipients enrolled in managed care plans only upon written confirmation
5 by the United States secretary of health and human services that the
6 rebates are not included in computing the manufacturer's best price as
7 defined in section 1927(c)(1)(C) of title XIX, 42 U.S.C. 1396r-8.

8 (b) The rebates shall be payable for drugs dispensed to participants
9 in each of the eligible programs only upon written confirmation by the
10 United States secretary of health and human services that the rebates
11 paid for each eligible program are not included in computing the
12 manufacturer's best price as defined in section 1927(c)(1)(C) of title
13 XIX, 42 U.S.C. 1396r-8.

14 (c) The per unit rebate amount reported by each participating phar-
15 maceutical manufacturer to the state for purposes of this section shall
16 be maintained in confidence and used only for purposes of administering
17 this program, and shall not be disclosed in a form that reveals directly
18 or indirectly the rebate amount for a specific drug or rebates payable by
19 a pharmaceutical manufacturer.

20 (3) Pharmaceutical manufacturers that provide quarterly rebates pur-
21 suant to subsection (1) for all of their products dispensed for all par-
22 ticipants in all eligible programs shall have all of their products made
23 available without prior authorization or other restrictions in the
24 Medicaid program, except for those drugs for which the department
25 required prior authorization during fiscal year 2000-2001 and except for
26 those drugs dispensed to Medicaid recipients enrolled in health plans.

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1 (4) As used in this section, "eligible programs" means the following
2 programs funded by this state: the elder prescription insurance coverage
3 program, MIFamily or its predecessor programs, children's special health
4 care services, Wayne County pluscare, and any medical care program oper-
5 ated by the department of corrections or another state facility.

6 Sec. 1628. It is the intent of the legislature that if the savings
7 for Medicaid pharmacy rebates exceed the amount budgeted in this act, the
8 savings shall first be used to offset any increase in pharmacy costs
9 above that budgeted in this act and then to support and expand coverage
10 under the EPIC program.

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

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

21 Sec. 1633. From the funds appropriated in part 1 for auxiliary med-
22 ical services, the department shall expand the healthy kids dental pro-
23 gram statewide if funds become available specifically for expansion of
24 the program.

25 Sec. 1634. (1) From the funds appropriated in part 1 for ambulance
26 services, the department shall continue the 5% increase in payment rates

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1 for ambulance services implemented in fiscal year 2000-2001 and increase
2 the payment rates by an additional 5% for fiscal year 2002-2003.

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

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

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

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

19 Sec. 1644. (1) From the funds appropriated in part 1 for the rural
20 health initiative, \$5,220,000.00 shall be allocated as an outpatient
21 adjustor payment to be paid directly to hospitals in rural counties in
22 proportion to each hospital's Medicaid and indigent patient population.
23 Three hundred thousand dollars shall be allocated for free clinics in
24 rural areas as designated by the federal government or such designation
25 as may be modified by the department. These funds shall be allocated
26 consistent with the requirements of section 308 of this act. Two million
27 dollars of the rural health initiative funds may be allocated for

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1 defibrillator grants to state police, sheriff departments, and local
2 police departments.

3 (2) Except as otherwise specified in this section, rural is defined
4 as a city, town, village, or township with a population of not more than
5 15,000, including those entities if located within a metropolitan statis-
6 tical area.

7 Sec. 1647. From the funds appropriated in part 1 for hospital serv-
8 ices, the department shall increase the allocation for graduate medical
9 education by 5% from the allocation for graduate medical education in
10 fiscal year 2000-2001.

11 Sec. 1648. The department shall maintain an automated toll-free
12 phone line to enable medical providers to verify the eligibility status
13 of Medicaid recipients. There shall be no charge to providers for the
14 use of the toll-free phone line.

15 Sec. 1649. From the funds appropriated in part 1 for medical serv-
16 ices, the department shall continue breast and cervical cancer treatment
17 coverage for women up to 250% of the federal poverty level, who are under
18 age 65, and who are not otherwise covered by insurance. This coverage
19 shall be provided to women who have been screened through the centers for
20 disease control breast and cervical cancer early detection program, and
21 are found to have breast or cervical cancer, pursuant to the breast and
22 cervical cancer prevention and treatment act of 2000, Public Law 106-354,
23 114 Stat. 1381.

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

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1 (2) Persons to be assigned a managed care provider shall be informed
2 in writing of the criteria for exceptions to capitated managed care
3 enrollment, their right to change HMOs for any reason within the initial
4 90 days of enrollment, the toll-free telephone number for problems and
5 complaints, and information regarding grievance and appeals rights.

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

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

19 (2) The department shall not amend the medical services hospice
20 manual in a manner that would allow hospice services to be provided with-
21 out making available all comprehensive hospice services described in 42
22 C.F.R. part 418.

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

25 (a) Continuity of care is assured by allowing enrollees to continue
26 receiving required medically necessary services from their current

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1 providers for a period not to exceed 1 year if enrollees meet the managed
2 care medical exception criteria.

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

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

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

14 (e) Enrollment of recipients of children's special health care serv-
15 ices in HMOs shall be voluntary during fiscal year 2002-2003.

16 (f) The department shall develop a case adjustment to its rate meth-
17 odology that considers the costs of persons with HIV/AIDS, end stage
18 renal disease, organ transplants, epilepsy, and other high-cost diseases
19 or conditions and shall implement the case adjustment when it is proven
20 to be actuarially and fiscally sound. Implementation of the case adjust-
21 ment must be budget neutral.

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

25 (a) An emphasis on health outcomes.

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

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

3 (d) Evaluation of the continuity and coordination of care that
4 enrollees receive.

5 (e) Mechanisms to detect overutilization and underutilization of
6 services.

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

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

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

12 (i) Consumer involvement in the development of the quality assurance
13 program and consideration of enrollee complaints and satisfaction survey
14 results.

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

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

25 (4) Medicaid HMOs shall assure that all covered services are avail-
26 able and accessible to enrollees with reasonable promptness and in a
27 manner that assures continuity. Medically necessary services shall be

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1 available and accessible 24 hours a day and 7 days a week. HMOs shall
2 continue to develop procedures for determining medical necessity which
3 may include a prior authorization process.

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

12 (6) Medicaid HMOs shall provide access to appropriate providers,
13 including qualified specialists for all medically necessary services.

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

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

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

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

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1 (11) Medicaid HMOs shall develop written plans for providing
2 nonemergency medical transportation services funded through supplemental
3 payments made to the plans by the department, and shall include informa-
4 tion about transportation in their member handbook.

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

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

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

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

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

25 Sec. 1657. (1) Reimbursement for medical services to screen and
26 stabilize a Medicaid recipient, including stabilization of a psychiatric
27 crisis, in a hospital emergency room shall not be made contingent on

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1 obtaining prior authorization from the recipient's HMO. If the recipient
2 is discharged from the emergency room, the hospital shall notify the
3 recipient's HMO within 24 hours of the diagnosis and treatment received.

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

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

12 Sec. 1658. Instructional material that the department will provide
13 to Medicaid health plans, related to the rebidding of the Medicaid man-
14 aged care program, shall include an unambiguous statement as to whether a
15 health plan can base its bid for inpatient hospital services on estimates
16 of per diem costs of these services. In addition, this document must
17 clearly state whether or not a health plan that based its bid on per diem
18 costs can actually reimburse hospitals for inpatient services on a per
19 diem basis as opposed to the fee for service rate.

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

26 Sec. 1660. (1) The department shall assure that all Medicaid
27 children have timely access to EPSDT services as required by federal

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1 law. Medicaid HMOs shall provide EPSDT services to their child members
2 in accordance with Medicaid EPSDT policy.

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

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

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

21 (5) The department shall provide, on an annual basis, budget neutral
22 incentives to Medicaid HMOs and local health departments to improve per-
23 formance on measures related to the care of children and pregnant women.

24 Sec. 1661. (1) The department shall assure that all Medicaid eligi-
25 ble children and pregnant women have timely access to MSS/ISS services.
26 Medicaid HMOs shall assure that maternal support service screening is
27 available to their pregnant members and that those women found to meet

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1 the maternal support service high-risk criteria are offered maternal
2 support services. Local health departments shall assure that maternal
3 support service screening is available for Medicaid pregnant women not
4 enrolled in an HMO and that those women found to meet the maternal sup-
5 port service high-risk criteria are offered maternal support services or
6 are referred to a certified maternal support service provider.

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

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

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

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

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

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

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

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

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

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1 families between 150% and 200% of the federal poverty level shall be
2 provided through a state-based private health care program.

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

7 (a) "Dental care corporation", "health care corporation", "insurer",
8 and "prudent purchaser agreement" mean those terms as defined in section
9 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

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

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

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

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

25 Sec. 1672. The department may provide up to 1 year of continuous
26 eligibility to children eligible for the MICHild program unless the
27 status of the children's family changes and its members no longer meet

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1 the eligibility criteria as specified in the federally approved MICHild
2 state plan.

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

6 Sec. 1674. The department shall not require copayments under the
7 MICHild program.

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

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

18 Sec. 1677. The MICHild program shall provide all benefits available
19 under the state employee insurance plan that are delivered through con-
20 tracted providers and consistent with federal law, including, but not
21 limited to, the following medically necessary services:

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

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1 (b) Outpatient mental health services, other than substance abuse
2 services, including services furnished in a state-operated mental
3 hospital and community-based services.

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

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

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

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

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

11 (h) Emergency ambulance services.

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

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

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

25 (2) The department shall provide a report on the pilot project to
26 coordinate services between the home and community-based services and the
27 adult home help programs to the house and senate appropriations

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1 subcommittees on community health and the house and senate fiscal
2 agencies by April 1, 2003.

3 Sec. 1682. (1) The department shall implement enforcement actions
4 as specified in the nursing facility enforcement provisions of section
5 1919 of title XIX, 42 U.S.C. 1396r.

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

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

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

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

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

22 Sec. 1685. All nursing home rates, class I and class III, must have
23 their respective fiscal year rate set 30 days prior to the beginning of
24 their rate year. Rates may take into account the most recent cost report
25 prepared and certified by the preparer, provider corporate owner or rep-
26 resentative as being true and accurate, and filed timely, within 5 months
27 of the fiscal year end in accordance with Medicaid policy. If the

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1 audited version of the last report is available, it shall be used. Any

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2 rate factors based on the filed cost report may be retroactively adjusted
3 upon completion of the audit of that cost report.

4 Sec. 1689. (1) From the funds appropriated in part 1 for the home
5 and community based services program, the department shall develop an
6 allocation formula that will allow for coverage of no fewer than 15,000
7 individuals, or a smaller number of individuals if required under federal
8 law.

9 (2) At the end of each fiscal quarter, the department shall compare
10 actual usage to that predicted by the allocation formula. Based on that
11 evaluation, the department may redistribute home and community based
12 waiver program resources among the regional service providers.

13 (3) In addition to the comparison between predicted and actual home
14 and community based waiver program utilization, the department shall com-
15 pare actual expenditures with predicted expenditures. A service provider
16 shall be required to spend, on average, no more than \$8,820.00 per person
17 per year, or a proportional increase or decrease in that amount based on
18 changes in the level of appropriations for the program. If the depart-
19 ment concludes that a service provider will exceed its allotment, the
20 department shall immediately withhold any existing or future allotments
21 until the service provider satisfies the department that its costs will
22 not exceed the previously set limit, or the provider's allotment is
23 transferred to another service provider.

24 (4) Within 30 days of the end of each fiscal quarter, the department
25 shall provide a report to the senate and house appropriations subcommit-
26 tees on community health and the senate and house fiscal agencies that

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1 details existing and future allocations for the home and community based
2 waiver program by regions as well as the associated expenditures.

3 Sec. 1690. (1) From the funds appropriated in part 1 for long-term
4 care services, the department shall allocate \$1,000,000.00 to a contract
5 with evercare, an affiliate of unitedhealth group engaged in the contin-
6 uum of care for long-term care services.

7 (2) Evercare shall use the funds described in subsection (1) to
8 establish a pilot project to assess whether a managed care approach to
9 the full spectrum of long-term care services can provide an appropriate
10 level of care at a lower cost than achieved through purchasing those
11 services on an individual basis.

12 (3) The department in conjunction with the service providers shall
13 develop criteria to assess the ability of this provider to maintain the
14 individuals at the most appropriate level of care, to improve the total
15 quality of care, to increase compliance with Olmstead v. L.C., 527
16 U.S. 581 (1999), and to reduce costs for the state's Medicaid program.

17 (4) The department shall provide bimonthly reports that detail the
18 progress of this pilot project to the senate and house appropriations
19 subcommittees on community health and to the senate and house fiscal
20 agencies.

21 Sec. 1691. (1) From the funds appropriated in part 1, the depart-
22 ment, subject to the requirements and limitations in this section, shall
23 establish a funding pool of up to \$44,012,800.00 for the purpose of
24 enhancing the aggregate payment for medical services hospital services.

25 (2) For a county with a population of more than 2,000,000 people,
26 the department shall distribute \$44,012,800.00 to hospitals if
27 \$15,026,700.00 is received by the state from such a county, which meets

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1 the criteria of an allowable state matching share as determined by
2 applicable federal laws and regulations. If the state receives a lesser
3 sum of an allowable state matching share from such a county, the amount
4 distributed shall be reduced accordingly.

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

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

12 (5) If a locally administered indigent health care program replaces
13 the state medical program described in section 1690 of 2001 PA 60 for a
14 given county on or before October 1, 1998, the state general fund/general
15 purpose dollars allocated for that county under this section shall not be
16 less than the general fund/general purpose expenditures for the state
17 medical program in that county in the previous fiscal year.

18 Sec. 1692. (1) The department of community health is authorized to
19 pursue reimbursement for eligible services provided in Michigan schools
20 from the federal Medicaid program. The department and the state budget
21 director are authorized to negotiate and enter into agreements, together
22 with the department of education, with local and intermediate school dis-
23 tricts regarding the sharing of federal Medicaid services funds received
24 for these services. The department is authorized to receive and disburse
25 funds to participating school districts pursuant to such agreements and
26 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 implement by December 31, 2002 a
21 magnetic card identification system for the Medicaid program that will
22 assist in the eligibility verification process. The department shall
23 report to the legislature by October 1, 2002 on its progress toward
24 implementation of this system.

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.