

# SENATE BILL No. 1337

May 15, 2002, Introduced by Senator HAMMERSTROM and referred to the Committee on Families, Mental Health and Human Services.

A bill to amend 1974 PA 258, entitled  
"Mental health code,"  
(MCL 330.1001 to 330.2106) by adding section 232b.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 232B. (1) THE DEPARTMENT SHALL PROMULGATE RULES PURSU-  
2 ANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306,  
3 MCL 24.201 TO 24.328, TO ESTABLISH STANDARDS FOR COMMUNITY MENTAL  
4 HEALTH SERVICES PROGRAMS DESIGNATED AS SPECIALTY PREPAID HEALTH  
5 PLANS UNDER THE MEDICAID MANAGED CARE PROGRAM DESCRIBED IN SEC-  
6 TION 109F OF THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.109F.  
7 THE STANDARDS ESTABLISHED UNDER THIS SECTION SHALL REFERENCE  
8 APPLICABLE FEDERAL REGULATIONS RELATED TO MEDICAID MANAGED CARE  
9 PROGRAMS AND SPECIFY ADDITIONAL STATE REQUIREMENTS FOR SPECIALTY  
10 PREPAID HEALTH PLANS.

1 (2) AS A CONDITION FOR CONTRACTING AND FOR RECEIVING PAYMENT  
2 UNDER THE MEDICAID MANAGED CARE PROGRAM, A COMMUNITY MENTAL  
3 HEALTH SERVICES PROGRAM DESIGNATED AS A SPECIALTY PREPAID HEALTH  
4 PLAN SHALL CERTIFY BOTH OF THE FOLLOWING:

5 (A) THAT THE PROGRAM IS IN SUBSTANTIAL COMPLIANCE WITH THE  
6 STANDARDS PROMULGATED BY THE DEPARTMENT AND WITH APPLICABLE FED-  
7 ERAL REGULATIONS.

8 (B) THAT THE PROGRAM HAS ESTABLISHED POLICIES AND PROCEDURES  
9 TO MONITOR COMPLIANCE WITH THE STANDARDS PROMULGATED BY THE  
10 DEPARTMENT AND WITH APPLICABLE FEDERAL REGULATIONS AND TO ENSURE  
11 PROGRAM INTEGRITY.

12 (3) THE DEPARTMENT SHALL CONDUCT AN ANNUAL REVIEW OF ALL  
13 COMMUNITY MENTAL HEALTH SERVICES PROGRAMS DESIGNATED AS SPECIALTY  
14 PREPAID HEALTH PLANS TO VERIFY THE CERTIFICATIONS MADE BY THE  
15 COMMUNITY MENTAL HEALTH SERVICES PROGRAM AND TO MONITOR COMPLI-  
16 ANCE WITH THE STANDARDS PROMULGATED FOR SPECIALTY PREPAID HEALTH  
17 PLANS AND WITH APPLICABLE FEDERAL REGULATIONS. THE DEPARTMENT  
18 MAY CONDUCT MORE FREQUENT REVIEWS OF A SPECIALTY PREPAID HEALTH  
19 PLAN IN RESPONSE TO BENEFICIARY COMPLAINTS, FINANCIAL STATUS CON-  
20 siderations, OR HEALTH AND SAFETY CONCERNS.

21 (4) CONTRACTS WITH SPECIALTY PREPAID HEALTH PLANS SHALL  
22 INDICATE THE SANCTIONS THAT THE DEPARTMENT MAY INVOKE IF IT MAKES  
23 A DETERMINATION THAT A SPECIALTY PREPAID HEALTH PLAN IS NOT IN  
24 SUBSTANTIAL COMPLIANCE WITH PROMULGATED STANDARDS AND WITH ESTAB-  
25 LISHED FEDERAL REGULATIONS, THAT THE SPECIALTY PREPAID HEALTH  
26 PLAN HAS MISREPRESENTED OR FALSIFIED INFORMATION REPORTED TO THE  
27 STATE OR TO THE FEDERAL GOVERNMENT, OR THAT THE SPECIALTY PREPAID

1 HEALTH PLAN HAS FAILED SUBSTANTIALLY TO PROVIDE NECESSARY COVERED  
2 SERVICES TO RECIPIENTS UNDER THE TERMS OF THE CONTRACT.

3 SANCTIONS MAY INCLUDE INTERMEDIATE ACTIONS INCLUDING, BUT NOT  
4 LIMITED TO, A MONETARY PENALTY IMPOSED ON THE ADMINISTRATIVE AND  
5 MANAGEMENT OPERATION OF THE SPECIALTY PREPAID HEALTH PLAN, IMPO-  
6 SITION OF TEMPORARY STATE MANAGEMENT OF A COMMUNITY MENTAL HEALTH  
7 SERVICES PROGRAM OPERATING AS A SPECIALTY PREPAID HEALTH PLAN, OR  
8 TERMINATION OF THE DEPARTMENT'S MEDICAID MANAGED CARE CONTRACT  
9 WITH THE COMMUNITY MENTAL HEALTH SERVICES PROGRAM.

10 (5) BEFORE IMPOSING A SANCTION ON A COMMUNITY MENTAL HEALTH  
11 SERVICES PROGRAM THAT IS OPERATING AS A SPECIALTY PREPAID HEALTH  
12 PLAN, THE DEPARTMENT SHALL PROVIDE THAT SPECIALTY PREPAID HEALTH  
13 PLAN WITH TIMELY WRITTEN NOTICE THAT EXPLAINS BOTH OF THE  
14 FOLLOWING:

15 (A) THE BASIS AND NATURE OF THE SANCTION.

16 (B) THE OPPORTUNITY FOR A HEARING TO CONTEST OR DISPUTE THE  
17 DEPARTMENT'S FINDINGS AND INTENDED SANCTION, PRIOR TO THE IMPOSI-  
18 TION OF THE SANCTION.