

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1063

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, 2005; 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

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, 2005, from
6 the funds indicated in this part. The following is a summary of the

1 appropriations in this part:

2 **DEPARTMENT OF COMMUNITY HEALTH**

3 APPROPRIATION SUMMARY:

4	Full-time equated unclassified positions.....	6.0	
5	Full-time equated classified positions.....	5,095.6	
6	Average population.....	1,102.0	
7	GROSS APPROPRIATION.....	\$	9,734,788,500
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....		70,543,500
11	ADJUSTED GROSS APPROPRIATION.....	\$	9,664,245,000
12	Federal revenues:		
13	Total federal revenues.....		5,277,363,400
14	Special revenue funds:		
15	Total local revenues.....		456,029,400
16	Total private revenues.....		55,476,400
17	Tobacco settlement revenue.....		161,700,000
18	Total other state restricted revenues.....		1,247,689,300
19	State general fund/general purpose.....	\$	2,465,986,500
20	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
21	Full-time equated unclassified positions.....	6.0	
22	Full-time equated classified positions.....	250.1	
23	Director and other unclassified--6.0 FTE positions..	\$	581,600
24	Community health advisory council.....		8,100
25	Departmental administration and management--228.7		
26	FTE positions.....		23,056,600
27	Certificate of need program administration--10.0 FTE		

1	positions.....	1,007,700
2	Worker's compensation program.....	8,558,800
3	Rent and building occupancy.....	8,259,400
4	Developmental disabilities council and	
5	projects--10.0 FTE positions.....	2,809,200
6	Rural health services.....	1,378,000
7	Michigan essential health care provider program.....	1,391,800
8	Primary care services--1.4 FTE positions.....	<u>3,049,000</u>
9	GROSS APPROPRIATION..... \$	50,100,200
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	Interdepartmental grant from the department of	
13	treasury, Michigan state hospital finance	
14	authority.....	107,400
15	Federal revenues:	
16	Total federal revenues.....	15,242,900
17	Special revenue funds:	
18	Total private revenues.....	185,900
19	Total other state restricted revenues.....	3,947,900
20	State general fund/general purpose..... \$	30,616,100
21	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
22	ADMINISTRATION AND SPECIAL PROJECTS	
23	Full-time equated classified positions.....103.5	
24	Mental health/substance abuse program	
25	administration--103.5 FTE positions..... \$	11,987,600
26	Consumer involvement program.....	189,200
27	Gambling addiction.....	3,500,100

1	Protection and advocacy services support.....	777,500
2	Mental health initiatives for older persons.....	1,349,300
3	Community residential and support services.....	3,311,900
4	Highway safety projects.....	1,837,300
5	Federal and other special projects.....	2,746,100
6	Family support subsidy.....	16,680,800
7	Housing and support services.....	<u>5,923,100</u>
8	GROSS APPROPRIATION..... \$	48,302,900
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues.....	29,686,400
12	Special revenue funds:	
13	Total private revenues.....	190,000
14	Total other state restricted revenues.....	3,682,300
15	State general fund/general purpose..... \$	14,744,200
16	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
17	SERVICES PROGRAMS	
18	Full-time equated classified positions.....9.5	
19	Medicaid mental health services..... \$	1,410,291,000
20	Community mental health non-Medicaid services.....	313,352,500
21	Medicaid adult benefits waiver.....	40,000,100
22	Multicultural services.....	3,663,900
23	Medicaid substance abuse services.....	28,732,400
24	Respite services.....	1,000,100
25	CMHSP, purchase of state services contracts.....	120,746,900
26	Civil service charges.....	1,765,600
27	Federal mental health block grant--2.5 FTE positions	15,326,700

1	State disability assistance program substance abuse	
2	services.....	2,509,900
3	Community substance abuse prevention, education and	
4	treatment programs.....	82,770,700
5	Children's waiver home care program.....	19,549,900
6	Omnibus budget reconciliation act	
7	implementation--7.0 FTE positions.....	<u>12,807,400</u>
8	GROSS APPROPRIATION.....	\$ 2,052,517,100
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues.....	943,491,400
12	Special revenue funds:	
13	Total local revenues.....	26,000,000
14	Total other state restricted revenues.....	6,542,400
15	State general fund/general purpose.....	\$ 1,076,483,300
16	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS	
17	FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND	
18	FORENSIC AND PRISON MENTAL HEALTH SERVICES	
19	Total average population.....	1,102.0
20	Full-time equated classified positions.....	3,457.1
21	Caro regional mental health center-psychiatric	
22	hospital-adult--529.7 FTE positions.....	\$ 39,681,400
23	Average population.....	192.0
24	Kalamazoo psychiatric hospital-adult--500.4 FTE	
25	positions.....	35,953,100
26	Average population.....	184.0
27	Walter P. Reuther psychiatric hospital-adult--477.9	

1	FTE positions.....	40,878,000
2	Average population.....242.0	
3	Hawthorn center-psychiatric hospital-children and	
4	adolescents--226.2 FTE positions.....	19,014,500
5	Average population.....67.0	
6	Mount Pleasant center-developmental	
7	disabilities--514.3 FTE positions.....	35,146,200
8	Average population.....192.0	
9	Center for forensic psychiatry--493.0 FTE positions.	44,709,300
10	Average population.....225.0	
11	Forensic mental health services provided to the	
12	department of corrections--704.6 FTE positions....	69,194,300
13	Revenue recapture.....	750,100
14	IDEA, federal special education.....	120,100
15	Special maintenance and equipment.....	335,400
16	Purchase of medical services for residents of	
17	hospitals and centers.....	1,358,300
18	Closed site, transition, and related costs--11.0 FTE	
19	positions.....	601,100
20	Severance pay.....	217,000
21	Gifts and bequests for patient living and treatment	
22	environment.....	<u>1,000,100</u>
23	GROSS APPROPRIATION..... \$	288,958,900
24	Appropriated from:	
25	Interdepartmental grant revenues:	
26	Interdepartmental grant from the department of	
27	corrections.....	69,194,200

1	Federal revenues:	
2	Total federal revenues.....	32,213,900
3	Special revenue funds:	
4	CMHSP, purchase of state services contracts.....	120,746,800
5	Other local revenues.....	13,853,500
6	Total private revenues.....	1,000,000
7	Total other state restricted revenues.....	8,426,600
8	State general fund/general purpose..... \$	43,523,900
9	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
10	Full-time equated classified positions.....83.4	
11	Executive administration--11.0 FTE positions..... \$	1,668,000
12	Minority health grants and contracts.....	650,100
13	Vital records and health statistics--72.4 FTE	
14	positions.....	<u>6,959,400</u>
15	GROSS APPROPRIATION..... \$	9,277,500
16	Appropriated from:	
17	Interdepartmental grant revenues:	
18	Interdepartmental grant from family independence	
19	agency.....	689,100
20	Federal revenues:	
21	Total federal revenues.....	2,479,400
22	Special revenue funds:	
23	Total other state restricted revenues.....	4,722,300
24	State general fund/general purpose..... \$	1,386,700
25	Sec. 107. HEALTH REGULATORY SYSTEMS	
26	Full-time equated classified positions.....339.0	
27	Health systems administration--184.0 FTE positions.. \$	18,267,000

1	Emergency medical services program state staff--5.0	
2	FTE positions.....	940,700
3	Radiological health administration--25.0 FTE	
4	positions.....	2,191,500
5	Substance abuse program administration--4.0 FTE	
6	positions.....	414,200
7	Emergency medical services grants and services.....	1,046,300
8	Health professions--121.0 FTE positions.....	<u>15,095,600</u>
9	GROSS APPROPRIATION..... \$	37,955,300
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenues.....	13,481,800
13	Special revenue funds:	
14	Total other state restricted revenues.....	19,082,100
15	State general fund/general purpose..... \$	5,391,400
16	Sec. 108. INFECTIOUS DISEASE CONTROL	
17	Full-time equated classified positions.....49.0	
18	AIDS prevention, testing, and care programs--12.0	
19	FTE positions..... \$	30,223,000
20	Immunization local agreements.....	14,010,400
21	Immunization program management and field	
22	support--14.0 FTE positions.....	1,670,500
23	Sexually transmitted disease control local	
24	agreements.....	3,495,000
25	Sexually transmitted disease control management and	
26	field support--23.0 FTE positions.....	<u>3,482,700</u>
27	GROSS APPROPRIATION..... \$	52,881,600

1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues.....	37,839,500
4	Special revenue funds:	
5	Total private revenues.....	2,655,700
6	Total other state restricted revenues.....	7,728,600
7	State general fund/general purpose..... \$	4,657,800
8	Sec. 109. LABORATORY SERVICES	
9	Full-time equated classified positions.....121.0	
10	Bovine tuberculosis--2.0 FTE positions..... \$	500,100
11	Laboratory services--119.0 FTE positions.....	<u>14,380,500</u>
12	GROSS APPROPRIATION..... \$	14,880,600
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	Interdepartmental grant from environmental quality..	406,000
16	Federal revenues:	
17	Total federal revenues.....	2,819,900
18	Special revenue funds:	
19	Total other state restricted revenues.....	4,785,800
20	State general fund/general purpose..... \$	6,868,900
21	Sec. 110. EPIDEMIOLOGY	
22	Full-time equated classified positions.....107.9	
23	AIDS surveillance and prevention program..... \$	1,887,900
24	Asthma prevention and control--2.3 FTE positions....	1,036,900
25	Bioterrorism preparedness--59.5 FTE positions.....	51,902,300
26	Epidemiology administration--41.1 FTE positions.....	6,233,700
27	Newborn screening follow-up and treatment	

1	services--5.0 FTE positions.....	3,312,600
2	Tuberculosis control and recalcitrant AIDS program..	<u>867,100</u>
3	GROSS APPROPRIATION..... \$	65,240,500
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	59,642,500
7	Special revenue funds:	
8	Total private revenues.....	77,500
9	Total other state restricted revenues.....	3,493,500
10	State general fund/general purpose..... \$	2,027,000
11	Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS	
12	Full-time equated classified positions.....7.0	
13	Implementation of 1993 PA 133, MCL 333.17015..... \$	100,100
14	Lead abatement program--7.0 FTE positions.....	1,728,500
15	Local health services.....	220,100
16	Local public health operations.....	40,618,500
17	Medical services cost reimbursement to local health	
18	departments.....	<u>1,800,100</u>
19	GROSS APPROPRIATION..... \$	44,467,300
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues.....	3,291,000
23	Special revenue funds:	
24	Total other state restricted revenues.....	480,900
25	State general fund/general purpose..... \$	40,695,400
26	Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION	
27	AND HEALTH PROMOTION	

1	Full-time equated classified positions.....	49.8	
2	African-American male health initiative.....	\$	106,800
3	AIDS and risk reduction clearinghouse and media		
4	campaign.....		1,576,100
5	Alzheimer's information network.....		440,100
6	Cancer prevention and control program--14.3 FTE		
7	positions.....		13,243,900
8	Chronic disease prevention--1.0 FTE positions.....		2,286,200
9	Diabetes and kidney program--9.1 FTE positions.....		3,072,000
10	Health education, promotion, and research		
11	programs--9.3 FTE positions.....		1,018,200
12	Injury control intervention project--1.0 FTE		
13	positions.....		520,200
14	Morris Hood Wayne State University diabetes outreach		100
15	Obesity program.....		100
16	Physical fitness, nutrition, and health.....		100,100
17	Public health traffic safety coordination.....		564,600
18	Smoking prevention program--13.1 FTE positions.....		4,914,700
19	Tobacco tax collection and enforcement.....		810,100
20	Violence prevention--2.0 FTE positions.....		<u>1,779,700</u>
21	GROSS APPROPRIATION.....	\$	30,432,900
22	Appropriated from:		
23	Federal revenues:		
24	Total federal revenues.....		18,440,700
25	Special revenue funds:		
26	Total other state restricted revenues.....		10,010,500
27	State general fund/general purpose.....	\$	1,981,700

1	Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH		
2	SERVICES		
3	Full-time equated classified positions.....	45.4	
4	Childhood lead program--5.8 FTE positions.....	\$	1,492,700
5	Dental programs.....		485,500
6	Dental program for persons with developmental		
7	disabilities.....		151,100
8	Early childhood collaborative secondary prevention..		524,100
9	Family, maternal, and children's health services		
10	administration--39.6 FTE positions.....		4,581,300
11	Family planning local agreements.....		12,270,400
12	Local MCH services.....		7,264,300
13	Maternal and children's health.....		100
14	Migrant health care.....		272,300
15	Pediatric AIDS prevention and control.....		1,176,900
16	Pregnancy prevention program.....		5,846,200
17	Prenatal care outreach and service delivery support.		3,049,400
18	School health and education programs.....		500,100
19	Southwest community partnership.....		100
20	Special projects.....		5,213,500
21	Sudden infant death syndrome program.....		<u>321,400</u>
22	GROSS APPROPRIATION.....	\$	43,149,400
23	Appropriated from:		
24	Federal revenues:		
25	Total federal revenues.....		31,572,400
26	Special revenue funds:		
27	Total other state restricted revenues.....		6,064,000

1	State general fund/general purpose.....	\$	5,513,000
2	Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND		
3	NUTRITION PROGRAMS		
4	Full-time equated classified positions.....	41.0	
5	Women, infants, and children program administration		
6	and special projects--41.0 FTE positions.....	\$	5,702,800
7	Women, infants, and children program local		
8	agreements and food costs.....		<u>181,392,200</u>
9	GROSS APPROPRIATION.....	\$	187,095,000
10	Appropriated from:		
11	Federal revenues:		
12	Total federal revenues.....		136,747,500
13	Special revenue funds:		
14	Total private revenues.....		50,347,300
15	State general fund/general purpose.....	\$	200
16	Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES		
17	Full-time equated classified positions.....	47.7	
18	Children's special health care services		
19	administration--47.7 FTE positions.....	\$	4,319,800
20	Amputee program.....		184,700
21	Bequests for care and services.....		1,754,700
22	Case management services.....		3,773,600
23	Conveyor contract.....		513,600
24	Medical care and treatment.....		<u>147,418,000</u>
25	GROSS APPROPRIATION.....	\$	157,964,400
26	Appropriated from:		
27	Federal revenues:		

1	Total federal revenues.....	75,606,600
2	Special revenue funds:	
3	Total private revenues.....	1,000,000
4	Total other state restricted revenues.....	650,000
5	State general fund/general purpose..... \$	80,707,800
6	Sec. 116. OFFICE OF DRUG CONTROL POLICY	
7	Full-time equated classified positions.....16.0	
8	Drug control policy--16.0 FTE positions..... \$	2,040,900
9	Anti-drug abuse grants.....	26,859,300
10	Interdepartmental grant to judiciary for drug	
11	treatment courts.....	<u>1,800,100</u>
12	GROSS APPROPRIATION..... \$	30,700,300
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues.....	30,334,200
16	Special revenue funds:	
17	State general fund/general purpose..... \$	366,100
18	Sec. 117. CRIME VICTIM SERVICES COMMISSION	
19	Full-time equated classified positions.....9.0	
20	Grants administration services--9.0 FTE positions... \$	1,137,400
21	Justice assistance grants.....	13,000,100
22	Crime victim rights services grants.....	<u>8,985,400</u>
23	GROSS APPROPRIATION..... \$	23,122,900
24	Appropriated from:	
25	Federal revenues:	
26	Total federal revenues.....	13,954,700
27	Special revenue funds:	

1	Total other state restricted revenues.....	9,167,900
2	State general fund/general purpose..... \$	300
3	Sec. 118. OFFICE OF SERVICES TO THE AGING	
4	Full-time equated classified positions.....36.5	
5	Commission (per diem \$50.00)..... \$	10,600
6	Office of services to aging administration--36.5 FTE	
7	positions.....	4,952,500
8	Community services.....	35,404,300
9	Nutrition services.....	37,290,600
10	Senior volunteer services.....	5,646,000
11	Senior citizen centers staffing and equipment.....	1,068,800
12	Employment assistance.....	2,818,400
13	Respite care program.....	<u>7,600,100</u>
14	GROSS APPROPRIATION..... \$	94,791,300
15	Appropriated from:	
16	Federal revenues:	
17	Total federal revenues.....	52,038,500
18	Special revenue funds:	
19	Total private revenues.....	20,000
20	Tobacco settlement revenue.....	5,000,000
21	Total other state restricted revenues.....	2,767,000
22	State general fund/general purpose..... \$	34,965,800
23	Sec. 119. MEDICAL SERVICES ADMINISTRATION	
24	Full-time equated classified positions.....322.7	
25	Medical services administration--322.7 FTE positions \$	47,956,000
26	Facility inspection contract - state police.....	132,900
27	MICChild administration.....	<u>4,327,900</u>

1	GROSS APPROPRIATION.....	\$	52,416,800
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		34,877,400
5	Special revenue funds:		
6	State general fund/general purpose.....	\$	17,539,400
7	Sec. 120. MEDICAL SERVICES		
8	Hospital services and therapy.....	\$	851,680,600
9	Hospital disproportionate share payments.....		50,000,100
10	Physician services.....		235,082,900
11	Medicare premium payments.....		218,589,900
12	Pharmaceutical services.....		672,929,800
13	Home health services.....		46,188,400
14	Transportation.....		8,538,400
15	Auxiliary medical services.....		110,774,400
16	Ambulance services.....		11,000,100
17	Long-term care services.....		1,677,206,900
18	Elder prescription insurance coverage.....		25,500,100
19	Health plan services.....		1,743,609,100
20	MIChild program.....		36,875,700
21	Medicaid adult benefits waiver.....		165,394,700
22	Maternal and child health.....		9,234,600
23	Social services to the physically disabled.....		1,345,000
24	Medical expenses recoupment.....		(10,394,900)
25	Subtotal basic medical services program.....		5,853,555,800
26	School-based services.....		63,609,200
27	Special adjustor payments.....		529,551,800

1	Subtotal special medical services payments.....		<u>593,161,000</u>
2	GROSS APPROPRIATION.....	\$	6,446,716,800
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		3,725,786,700
6	Special revenue funds:		
7	Total local revenues.....		295,429,100
8	Tobacco settlement revenue.....		156,700,000
9	Total other state restricted revenues.....		1,153,567,200
10	State general fund/general purpose.....	\$	1,115,233,800
11	Sec. 121. INFORMATION TECHNOLOGY		
12	Information technology services and projects.....	\$	<u>31,053,700</u>
13	GROSS APPROPRIATION.....	\$	31,053,700
14	Appropriated from:		
15	Interdepartmental grant revenues:		
16	Interdepartmental grant from the department of		
17	corrections.....		146,800
18	Federal revenues:		
19	Total federal revenues.....		17,816,000
20	Special revenue funds:		
21	Total other state restricted revenues.....		2,570,300
22	State general fund/general purpose.....	\$	10,520,600
23	Sec. 122. BUDGETARY SAVINGS		
24	Budgetary savings.....	\$	<u>(27,236,900)</u>
25	GROSS APPROPRIATION.....	\$	(27,236,900)
26	Appropriated from:		
27	Special revenue funds:		

1 State general fund/general purpose..... \$ (27,236,900)

2 PART 2

3 PROVISIONS CONCERNING APPROPRIATIONS

4 GENERAL SECTIONS

5 Sec. 201. Pursuant to section 30 of article IX of the state
6 constitution of 1963, total state spending from state resources under
7 part 1 for fiscal year 2004-2005 is \$3,875,375,800.00 and state
8 spending from state resources to be paid to units of local government
9 for fiscal year 2004-2005 is \$1,050,699,600.00. The itemized
10 statement below identifies appropriations from which spending to units
11 of local government will occur:

12 DEPARTMENT OF COMMUNITY HEALTH

13 DEPARTMENTWIDE ADMINISTRATION

14 Departmental administration and management..... \$ 11,087,100

15 Rural health services..... 35,000

16 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

17 AND SPECIAL PROJECTS

18 Mental health initiatives for older persons..... 1,049,300

19 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

20 PROGRAMS

21 State disability assistance program substance abuse
22 services..... 2,509,900

23 Community substance abuse prevention, education, and
24 treatment programs..... 18,590,600

25 Medicaid mental health services..... 584,514,900

26 Community mental health non-Medicaid services..... 313,352,500

27 Medicaid adult benefits waiver..... 12,120,100

1	Multicultural services.....	3,663,900
2	Medicaid substance abuse services.....	12,438,300
3	Respite services.....	1,000,100
4	Omnibus budget reconciliation act implementation....	3,859,600
5	INFECTIOUS DISEASE CONTROL	
6	AIDS prevention, testing and care programs.....	2,031,100
7	Immunization local agreements.....	2,973,900
8	Sexually transmitted disease control local	
9	agreements.....	406,100
10	LOCAL HEALTH ADMINISTRATION AND GRANTS	
11	Local public health operations.....	40,618,400
12	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
13	PROMOTION	
14	Smoking prevention program.....	1,960,300
15	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES	
16	Childhood lead program.....	106,900
17	Family planning local agreements.....	2,094,400
18	Local MCH services.....	246,100
19	Prenatal care outreach and service delivery support.	610,000
20	School health and education programs.....	500,000
21	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
22	Case management services.....	3,169,900
23	MEDICAL SERVICES	
24	Transportation.....	1,175,300
25	OFFICE OF SERVICES TO THE AGING	
26	Community services.....	12,148,400
27	Nutrition services.....	11,538,800

1	Senior volunteer services.....	517,500
2	CRIME VICTIM SERVICES COMMISSION	
3	Crime victim rights services grants.....	<u>6,381,300</u>
4	TOTAL OF PAYMENTS TO LOCAL UNITS	
5	OF GOVERNMENT.....	\$ 1,050,699,600

6 Sec. 202. (1) The appropriations authorized under this act are
 7 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
 8 18.1594.

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

11 Sec. 203. As used in this act:

12 (a) "AIDS" means acquired immunodeficiency syndrome.

13 (b) "CMHSP" means a community mental health services program as
 14 that term is defined in section 100a of the mental health code, 1974
 15 PA 258, MCL 330.1100a.

16 (c) "Disease management" means a comprehensive system that
 17 incorporates the patient, physician, and health plan into 1 system with
 18 the common goal of achieving desired outcomes for patients.

19 (d) "Department" means the Michigan department of community health.

20 (e) "DSH" means disproportionate share hospital.

21 (f) "EPIC" means elder prescription insurance coverage program.

22 (g) "EPSDT" means early and periodic screening, diagnosis, and
 23 treatment.

24 (h) "FTE" means full-time equated.

25 (i) "GME" means graduate medical education.

26 (j) "Health plan" means, at a minimum, an organization that meets
 27 the criteria for delivering the comprehensive package of services under

1 the department's comprehensive health plan.

2 (k) "HIV/AIDS" means human immunodeficiency virus/acquired immune
3 deficiency syndrome.

4 (l) "HMO" means health maintenance organization.

5 (m) "IDEA" means individual disability education act.

6 (n) "IDG" means interdepartmental grant.

7 (o) "MCH" means maternal and child health.

8 (p) "MIChild" means the program described in section 1670.

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

10 (r) "Specialty prepaid health plan" means a program described
11 in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.

12 (s) "Title XVIII" means title XVIII of the social security act,
13 42 USC 1395 to 1395ggg.

14 (t) "Title XIX" means title XIX of the social security act,
15 42 USC 1396 to 1396v.

16 (u) "Title XX" means title XX of the social security act,
17 49 USC 1397 to 1397f.

18 (v) "WIC" means women, infants, and children supplemental nutrition
19 program.

20 Sec. 204. The department of civil service shall bill the
21 department at the end of the first fiscal quarter for the 1% charge
22 authorized by section 5 of article XI of the state constitution of
23 1963. Payments shall be made for the total amount of the billing by
24 the end of the second fiscal quarter.

25 Sec. 205. (1) A hiring freeze shall be imposed on the state
26 classified civil service. State departments and agencies are
27 prohibited from hiring any new state classified civil service

1 employees and prohibited from filling any vacant state classified
2 civil service positions. This hiring freeze does not apply to
3 internal transfers of classified employees from 1 position to another
4 within a department.

5 (2) The state budget director shall grant exceptions to this
6 hiring freeze when the state budget director believes that the hiring
7 freeze will result in rendering a state department or agency unable to
8 deliver basic services, cause loss of revenue to the state, result in
9 the inability of the state to receive federal funds, or would
10 necessitate additional expenditures that exceed any savings from
11 maintaining the vacancy. The state budget director shall report
12 quarterly to the chairpersons of the senate and house of
13 representatives standing committees on appropriations the number of
14 exceptions to the hiring freeze approved during the previous quarter
15 and the reasons to justify the exception.

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

22 (2) In addition to the funds appropriated in part 1, there is
23 appropriated an amount not to exceed \$20,000,000.00 for state
24 restricted contingency funds. These funds are not available for
25 expenditure until they have been transferred to another line item in
26 this act under section 393(2) of the management and budget act, 1984
27 PA 431, MCL 18.1393.

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

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

13 Sec. 208. Unless otherwise specified, the department shall use
14 the Internet to fulfill the reporting requirements of this act. This
15 requirement may include transmission of reports via electronic mail to
16 the recipients identified for each reporting requirement or it may
17 include placement of reports on the Internet or Intranet site.

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

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

26 Sec. 211. If the revenue collected by the department from fees
27 and collections exceeds the amount appropriated in part 1, the revenue

1 may be carried forward with the approval of the state budget director
 2 into the subsequent fiscal year. The revenue carried forward under
 3 this section shall be used as the first source of funds in the
 4 subsequent fiscal year.

5 Sec. 212. (1) From the amounts appropriated in part 1, no
 6 greater than the following amounts are supported with federal maternal
 7 and child health block grant, preventive health and health services
 8 block grant, substance abuse block grant, healthy Michigan fund, and
 9 Michigan health initiative funds:

10	(a) Maternal and child health block grant.....	\$ 21,714,000
11	(b) Preventive health and health services block	
12	grant.....	5,081,300
13	(c) Substance abuse block grant.....	60,269,400
14	(d) Healthy Michigan fund.....	81,767,600
15	(e) Michigan health initiative.....	9,834,100

16 (2) On or before February 1, 2005, the department shall report to
 17 the house of representatives and senate appropriations subcommittees
 18 on community health, the house and senate fiscal agencies, and the
 19 state budget director on the detailed name and amounts of federal,
 20 restricted, private, and local sources of revenue that support the
 21 appropriations in each of the line items in part 1 of this act.

22 (3) Upon the release of the fiscal year 2005-2006 executive budget
 23 recommendation, the department shall report to the same parties in
 24 subsection (2) on the amounts and detailed sources of federal,
 25 restricted, private, and local revenue proposed to support the total
 26 funds appropriated in each of the line items in part 1 of the fiscal
 27 year 2005-2006 executive budget proposal.

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

4 Sec. 213. The state departments, agencies, and commissions
5 receiving tobacco tax funds from part 1 shall report by January 1,
6 2005, to the senate and house of representatives appropriations
7 committees, the senate and house fiscal agencies, and the state budget
8 director on the following:

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

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

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

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

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

19 Sec. 214. The use of state-restricted tobacco tax revenue
20 received for the purpose of tobacco prevention, education, and
21 reduction efforts and deposited in the healthy Michigan fund shall not
22 be used for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431,
23 and shall not be used in attempting to influence the decisions of the
24 legislature, the governor, or any state agency.

25 Sec. 216. (1) In addition to funds appropriated in part 1 for
26 all programs and services, there is appropriated for write-offs of
27 accounts receivable, deferrals, and for prior year obligations in

1 excess of applicable prior year appropriations, an amount equal to
2 total write-offs and prior year obligations, but not to exceed amounts
3 available in prior year revenues.

4 (2) The department's ability to satisfy appropriation deductions
5 in part 1 shall not be limited to collections and accruals pertaining
6 to services provided in fiscal year 2004-2005, but shall also include
7 reimbursements, refunds, adjustments, and settlements from prior
8 years.

9 (3) The department shall report by March 15, 2005 to the house of
10 representatives and senate appropriations subcommittees on community
11 health on all reimbursements, refunds, adjustments, and settlements
12 from prior years.

13 Sec. 218. Basic health services for the purpose of part 23 of
14 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:
15 immunizations, communicable disease control, sexually transmitted
16 disease control, tuberculosis control, prevention of gonorrhea eye
17 infection in newborns, screening newborns for the 8 conditions listed
18 in section 5431(1)(a) through (h) of the public health code, 1978
19 PA 368, MCL 333.5431, community health annex of the Michigan emergency
20 management plan, and prenatal care.

21 Sec. 219. (1) The department may contract with the Michigan
22 public health institute for the design and implementation of projects
23 and for other public health related activities prescribed in section
24 2611 of the public health code, 1978 PA 368, MCL 333.2611. The
25 department may develop a master agreement with the institute to carry
26 out these purposes for up to a 3-year period. The department shall
27 report to the house of representatives and senate appropriations

1 subcommittees on community health, the house and senate fiscal
2 agencies, and the state budget director on or before November 1, 2004
3 and May 1, 2005 all of the following:

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

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

8 (c) The expected project duration.

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

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

18 (3) On or before September 30, 2005, the department shall provide
19 to the same parties listed in subsection (1) a copy of all reports,
20 studies, and publications produced by the Michigan public health
21 institute, its subcontractors, or the department with the funds
22 appropriated in part 1 and allocated to the Michigan public health
23 institute.

24 Sec. 220. All contracts with the Michigan public health
25 institute funded with appropriations in part 1 shall include a
26 requirement that the Michigan public health institute submit to
27 financial and performance audits by the state auditor general of

1 projects funded with state appropriations.

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

8 Sec. 259. From the funds appropriated in part 1 for information
9 technology, the department shall pay user fees to the department of
10 information technology for technology-related services and projects.
11 Such user fees shall be subject to provisions of an interagency
12 agreement between the department and the department of information
13 technology.

14 Sec. 260. Amounts appropriated in part 1 for information
15 technology may be designated as work projects and carried forward to
16 support technology projects under the direction of the department of
17 information technology. Funds designated in this manner are not
18 available for expenditure until approved as work projects under
19 section 451a of the management and budget act, 1984 PA 431,
20 MCL 18.1451a.

21 Sec. 264. Upon submission of a Medicaid waiver, a Medicaid state
22 plan amendment, or a similar proposal to the centers for Medicare and
23 Medicaid services, the department shall notify the house of
24 representatives and senate appropriations subcommittees on community
25 health and the house and senate fiscal agencies of the submission.

26 Sec. 265. The departments and agencies receiving appropriations
27 in part 1 shall receive and retain copies of all reports funded from

1 appropriations in part 1. Federal and state guidelines for short-term
2 and long-term retention of records shall be followed.

3 Sec. 267. (1) The negative appropriation for budgetary savings
4 in part 1 shall be satisfied by savings realized from the hiring
5 freeze imposed on the state classified civil service for the fiscal
6 year ending September 30, 2005, efficiencies, lapses, unclassified
7 positions, and other administrative savings that do not jeopardize
8 essential state services identified by department directors and
9 approved by the state budget director.

10 (2) Appropriation authorization adjustments required to implement
11 negative appropriations for budgetary savings shall be made only after
12 the approval of transfers by the legislature pursuant to section
13 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

14 **DEPARTMENTWIDE ADMINISTRATION**

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

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

24 Sec. 304. The funds appropriated in part 1 for the Michigan
25 essential health care provider program may also provide loan repayment
26 for dentists that fit the criteria established by part 27 of the

1 public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

2 Sec. 305. The department is directed to continue support of
3 multicultural agencies that provide primary care services from the
4 funds appropriated in part 1.

5 Sec. 307. From the funds appropriated in part 1 for primary care
6 services, an amount not to exceed \$3,049,000.00 is appropriated to
7 enhance the service capacity of the federally qualified health centers
8 and other health centers which are similar to federally qualified
9 health centers.

10 Sec. 308. From the funds appropriated in part 1 for primary care
11 services, \$250,000.00 shall be allocated to a pilot project to support
12 operation of a health center that serves the uninsured, underinsured,
13 and Medicaid population of Barry County who are not currently being
14 served. Physicians shall provide services to the health center on a
15 voluntary basis.

16 Sec. 313. By November 1, 2004, the department shall report to
17 the house of representatives and senate appropriations subcommittees
18 on community health, the house and senate fiscal agencies, and the
19 state budget director on activities undertaken by the department to
20 address compulsive gambling.

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

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

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

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

6 **PROGRAMS**

7 Sec. 401. Funds appropriated in part 1 are intended to support a
8 system of comprehensive community mental health services under the
9 full authority and responsibility of local CMHSPs or specialty prepaid
10 health plans. The department shall ensure that each CMHSP or
11 specialty prepaid health plan 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
14 include, but shall not be limited to, all of the following services:
15 residential and other individualized living arrangements, outpatient
16 services, acute inpatient services, and long-term, 24-hour inpatient
17 care in a structured, secure environment.

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

24 (d) Individualized plans of service that are sufficient to meet
25 the needs of individuals, including those discharged from psychiatric
26 hospitals or centers, and that ensure the full range of recipient

1 needs is addressed through the CMHSP's or specialty prepaid health
2 plan's program or through assistance with locating and obtaining
3 services to meet these needs.

4 (e) A system of case management to monitor and ensure the
5 provision of services consistent with the individualized plan of
6 services or 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,
12 MCL 330.1001 to 330.2106.

13 Sec. 402. (1) From funds appropriated in part 1, final
14 authorizations to CMHSPs or specialty prepaid health plans shall be
15 made upon the execution of contracts between the department and CMHSPs
16 or specialty prepaid health plans. The contracts shall contain an
17 approved plan and budget as well as policies and procedures governing
18 the obligations and responsibilities of both parties to the
19 contracts. Each contract with a CMHSP or specialty prepaid health
20 plan that the department is authorized to enter into under this
21 subsection shall include a provision that the contract is not valid
22 unless the total dollar obligation for all of the contracts between
23 the department and the CMHSPs or specialty prepaid health plans
24 entered into under this subsection for fiscal year 2004-2005 does not
25 exceed the amount of money appropriated in part 1 for the contracts
26 authorized under this subsection.

27 (2) The department shall immediately report to the senate and

1 house of representatives appropriations subcommittees on community
2 health, the senate and house fiscal agencies, and the state budget
3 director if either of the following occurs:

4 (a) Any new contracts with CMHSPs or specialty prepaid health
5 plans that would affect rates or expenditures are enacted.

6 (b) Any amendments to contracts with CMHSPs or specialty prepaid
7 health plans that would affect rates or expenditures are enacted.

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

11 Sec. 403. From the funds appropriated in part 1 for
12 multicultural services, the department shall ensure that CMHSPs or
13 specialty prepaid health plans continue contracts with multicultural
14 services providers.

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

21 (2) The report shall contain information for each CMHSP or
22 specialty prepaid health plan and a statewide summary, each of which
23 shall include at least the following information:

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

27 (b) When the encounter data is available, a breakdown of clients

1 served, by diagnosis. As used in this subdivision, "diagnosis" means
2 a recipient's primary diagnosis, stated as a specifically named mental
3 illness, emotional disorder, or developmental disability corresponding
4 to terminology employed in the latest edition of the American
5 psychiatric association's diagnostic and statistical manual.

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

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

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

27 (h) An analysis of information provided by community mental health

1 service programs in response to the needs assessment requirements of
2 the mental health code, including information about the number of
3 persons in the service delivery system who have requested and are
4 clinically appropriate for different services.

5 (i) An estimate of the number of FTEs employed by the CMHSPs or
6 specialty prepaid health plans or contracted with directly by the
7 CMHSPs or specialty prepaid health plans as of September 30, 2004 and
8 an estimate of the number of FTEs employed through contracts with
9 provider organizations as of September 30, 2004.

10 (j) Lapses and carryforwards during fiscal year 2003-2004 for
11 CMHSPs or specialty prepaid health plans.

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

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

17 (i) Expenditures by each CMHSP or specialty prepaid health plan
18 organized by Medicaid eligibility group, including per eligible
19 individual expenditure averages.

20 (ii) Performance indicator information required to be submitted to
21 the department in the contracts with CMHSPs or specialty prepaid
22 health plans.

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

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

1 specialty prepaid health plans.

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

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

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

22 Sec. 407. (1) The amount appropriated in part 1 for substance
23 abuse prevention, education, and treatment grants shall be expended
24 for contracting with coordinating agencies or designated service
25 providers. It is the intent of the legislature that the coordinating
26 agencies and designated service providers work with the CMHSPs or
27 specialty prepaid health plans to coordinate the care and services

1 provided to individuals with both mental illness and substance abuse
2 diagnoses.

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

8 Sec. 408. (1) By April 15, 2005, the department shall report the
9 following data from fiscal year 2003-2004 on substance abuse
10 prevention, education, and treatment programs to the senate and house
11 of representatives appropriations subcommittees on community health,
12 the senate and house fiscal agencies, and the state budget office:

13 (a) Expenditures stratified by coordinating agency, by central
14 diagnosis and referral agency, by fund source, by subcontractor, by
15 population served, and by service type. Additionally, data on
16 administrative expenditures by coordinating agency and by
17 subcontractor shall be reported.

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

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

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

27 (2) The department shall take all reasonable actions to ensure

1 that the required data reported are complete and consistent among all
2 coordinating agencies.

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

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

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

17 (2) Each CMHSP or specialty prepaid health plan shall have jail
18 diversion services and shall work toward establishing working
19 relationships with representative staff of local law enforcement
20 agencies, including county prosecutors' offices, county sheriffs'
21 offices, county jails, municipal police agencies, municipal detention
22 facilities, and the courts. Written interagency agreements describing
23 what services each participating agency is prepared to commit to the
24 local jail diversion effort and the procedures to be used by local law
25 enforcement agencies to access mental health jail diversion services
26 are strongly encouraged.

27 Sec. 412. The department shall contract directly with the

1 Salvation Army harbor light program to provide non-Medicaid substance
2 abuse services at not less than the amount contracted for in fiscal
3 year 2003-2004.

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

18 Sec. 418. On or before the tenth of each month, the department
19 shall report to the senate and house of representatives appropriations
20 subcommittees on community health, the senate and house fiscal
21 agencies, and the state budget director on the amount of funding paid
22 to the CMHSPs or specialty prepaid health plans to support the
23 Medicaid managed mental health care program in that month. The
24 information shall include the total paid to each CMHSP or specialty
25 prepaid health plan, per capita rate paid for each eligibility group
26 for each CMHSP or specialty prepaid health plan, and number of cases
27 in each eligibility group for each CMHSP or specialty prepaid health

1 plan, and year-to-date summary of eligibles and expenditures for the
2 Medicaid managed mental health care program.

3 Sec. 423. The department shall work cooperatively with the
4 family independence agency and the departments of corrections,
5 education, state police, and military and veterans affairs to
6 coordinate and improve the delivery of substance abuse prevention,
7 education, and treatment programs within existing appropriations. The
8 department shall report by March 15, 2005 on the outcomes of this
9 cooperative effort to the house of representatives and senate
10 appropriations subcommittees on community health, the house and senate
11 fiscal agencies, and the state budget director.

12 Sec. 424. Each community mental health services program or
13 specialty prepaid health plan that contracts with the department to
14 provide services to the Medicaid population shall adhere to the
15 following timely claims processing and payment procedure for claims
16 submitted by health professionals and facilities:

17 (a) A "clean claim" as described in section 111i of the social
18 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days
19 after receipt of the claim by the community mental health services
20 program or specialty prepaid health plan. A clean claim that is not
21 paid within this time frame shall bear simple interest at a rate of
22 12% per annum.

23 (b) A community mental health services program or specialty
24 prepaid health plan must state in writing to the health professional
25 or facility any defect in the claim within 30 days after receipt of
26 the claim.

27 (c) A health professional and a health facility have 30 days after

1 receipt of a notice that a claim or a portion of a claim is defective
2 within which to correct the defect. The community mental health
3 services program or specialty prepaid health plan shall pay the claim
4 within 30 days after the defect is corrected.

5 Sec. 425. By April 1, 2005, the department, in conjunction with
6 the department of corrections, shall report the following data from
7 fiscal year 2003-2004 on mental health and substance abuse services to
8 the house of representatives and senate appropriations subcommittees
9 on community health and corrections, the house and senate fiscal
10 agencies, and the state budget office:

11 (a) The number of prisoners receiving substance abuse services,
12 which shall include a description and breakdown of the type of
13 substance abuse services provided to prisoners.

14 (b) The number of prisoners receiving mental health services,
15 which shall include a description and breakdown of the type of mental
16 health services provided to prisoners.

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

20 Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall
21 provide, from internal resources, local funds to be used as a bona
22 fide part of the state match required under the Medicaid program in
23 order to increase capitation rates for CMHSPs and affiliations of
24 CMHSPs. These funds shall not include either state funds received by
25 a CMHSP for services provided to non-Medicaid recipients or the state
26 matching portion of the Medicaid capitation payments made to a CMHSP
27 or an affiliation of CMHSPs.

1 (2) The distribution of the aforementioned increases in the
2 capitation payment rates, if any, shall be based on a formula
3 developed by a committee established by the department, including
4 representatives from CMHSPs or affiliations of CMHSPs and department
5 staff.

6 Sec. 435. A county required under the provisions of the mental
7 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
8 matching funds to a CMHSP for mental health services rendered to
9 residents in its jurisdiction shall pay the matching funds in equal
10 installments on not less than a quarterly basis throughout the fiscal
11 year, with the first payment being made by October 1, 2004.

12 Sec. 439. (1) The department, in conjunction with CMHSPs, shall
13 support pilot projects that facilitate the movement of adults with
14 mental illness from state psychiatric hospitals to community
15 residential settings.

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

- 19 (a) A secured and supervised living environment.
- 20 (b) Assistance in taking prescribed medications.
- 21 (c) Intensive case management services.
- 22 (d) Assertive community treatment team services.
- 23 (e) Alcohol or substance abuse treatment and counseling.
- 24 (f) Individual or group therapy.
- 25 (g) Day or partial day programming activities.
- 26 (h) Vocational, educational, or self-help training or activities.
- 27 (i) Other services prescribed to treat a person's mental illness

1 to prevent the need for hospitalization.

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

4 (4) The department shall provide semiannual reports to the house
5 of representatives and senate appropriations subcommittees on
6 community health, the state budget office, and the house and senate
7 fiscal agencies as to any activities undertaken by the department and
8 CMHSPs for pilot projects implemented under this section.

9 Sec. 442. (1) It is the intent of the legislature that the
10 \$40,000,000.00 in funding transferred from the community mental health
11 non-Medicaid services line to support the Medicaid adult benefits
12 waiver program be used to provide state match for increases in federal
13 funding for primary care and specialty services provided to Medicaid
14 adult benefits waiver enrollees and for economic increases for the
15 Medicaid specialty services and supports program.

16 (2) The department shall assure that persons eligible for mental
17 health services under the priority population sections of the mental
18 health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive
19 mandated services under this plan.

20 (3) Capitation payments to CMHSPs or specialty prepaid health
21 plans for persons who become enrolled in the Medicaid adult benefits
22 waiver program shall be made using the same rate methodology as
23 payments for the current Medicaid beneficiaries.

24 (4) If enrollment in the Medicaid adult benefits waiver program
25 does not achieve expectations and the funding appropriated for the
26 Medicaid adult benefits waiver program for specialty services is not
27 expended, the general fund balance shall be transferred back to the

1 community mental health non-Medicaid services line. The department
2 shall report quarterly to the senate and house of representatives
3 appropriations subcommittees on community health a summary of eligible
4 expenditures for the Medicaid adult benefits waiver program by CMHSPs
5 or specialty prepaid health plans.

6 (5) In the waiver renewal application the department submits to
7 the centers for Medicare and Medicaid services for continuation of the
8 state's 1915(b) specialty services waiver, the department will request
9 that the amount of savings that may be retained by a specialty prepaid
10 health plan be changed from 5% to 7.5% of aggregate capitation
11 payments. If the department is unable to secure centers for Medicare
12 and Medicaid services approval for this change, the department shall
13 allow specialty prepaid health plans and their affiliate CMHSP members
14 to retain 50% of the unspent general fund/general purpose portion of
15 the funds allocated to the specialty prepaid health plan for services
16 to be provided under the Medicaid specialty services waiver. Any such
17 general fund/general purpose portion retained by the specialty prepaid
18 health plan and its CMHSP affiliates under this section shall be
19 considered as state revenues for purposes of determining the amount of
20 state funds that the CMHSP may carry forward under section 226(2)(c)
21 of the mental health code, 1974 PA 258, MCL 330.1226.

22 Sec. 450. The department shall continue a work group comprised
23 of CMHSPs or specialty prepaid health plans and departmental staff to
24 recommend strategies to streamline audit and reporting requirements
25 for CMHSPs or specialty prepaid health plans. The department shall
26 report on the recommendations of the work group by March 31, 2005 to
27 the house of representatives and senate appropriations subcommittees

1 on community health, the house fiscal agency, the senate fiscal
2 agency, and the state budget director.

3 Sec. 454. (1) From the funds appropriated in part 1 for mental
4 health/substance abuse program administration, \$50,000.00 shall be
5 used to conduct a study of the feasibility for increased coordination
6 and collaboration among community health and human services agencies,
7 including, but not limited to, any of the following:

8 (a) Community mental health services programs.

9 (b) Local public health departments.

10 (c) Community health centers.

11 (d) Other local community agencies that may be relevant to a study
12 on the advantages of the collaborative endeavor.

13 (2) The department shall report the results and recommendations
14 from the feasibility study by September 20, 2005 to the house of
15 representatives and senate appropriations subcommittees on community
16 health, the house and senate fiscal agencies, and the state budget
17 director.

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

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

26 (2) The department shall continue a revenue recapture project to

1 generate additional revenues from third parties related to cases that
2 have been closed or are inactive. Revenues collected through project
3 efforts are appropriated to the department for departmental costs and
4 contractual fees associated with these retroactive collections and to
5 improve ongoing departmental reimbursement management functions.

6 Sec. 602. Unexpended and unencumbered amounts and accompanying
7 expenditure authorizations up to \$1,000,100.00 remaining on
8 September 30, 2005 from pay telephone revenues and the amounts
9 appropriated in part 1 for gifts and bequests for patient living and
10 treatment environments shall be carried forward for 1 fiscal year.
11 The purpose of gifts and bequests for patient living and treatment
12 environments is to use additional private funds to provide specific
13 enhancements for individuals residing at state-operated facilities.
14 Use of the gifts and bequests shall be consistent with the stipulation
15 of the donor. The expected completion date for the use of gifts and
16 bequests donations is within 3 years unless otherwise stipulated by
17 the donor.

18 Sec. 603. The funds appropriated in part 1 for forensic mental
19 health services provided to the department of corrections are in
20 accordance with the interdepartmental plan developed in cooperation
21 with the department of corrections. The department is authorized to
22 receive and expend funds from the department of corrections in
23 addition to the appropriations in part 1 to fulfill the obligations
24 outlined in the interdepartmental agreements.

25 Sec. 604. (1) The CMHSPs or specialty prepaid health plans shall
26 provide semiannual reports to the department on the following
27 information:

1 (a) The number of days of care purchased from state hospitals and
2 centers.

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

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

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

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

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

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

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

1 health.

2 (4) Upon the closure of state-run operations and after
3 transitional costs have been paid, the remaining balances of funds
4 appropriated for that operation shall be transferred to CMHSPs or
5 specialty prepaid health plans responsible for providing services for
6 persons previously served by the operations.

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

PUBLIC HEALTH ADMINISTRATION

16 Sec. 650. The department shall communicate the annual public
17 health consumption advisory for sportfish for calendar years 2004 and
18 2005. The department shall, at a minimum, post the advisory for each
19 calendar year on the Internet and make the information in the advisory
20 available to the clients of the women, infants, and children special
21 supplemental nutrition program.

BUREAU OF HEALTH SYSTEMS

23 Sec. 701. The department shall provide electronic notification
24 to the state budget office, the fiscal agencies, and the subcommittees
25 on April 30 and October 31 on the initial and follow-up surveys
26 conducted on all nursing homes in this state. The notification shall

1 contain the location of the Internet site where the report is posted.

2 The report shall include all of the following information:

3 (a) The number of surveys conducted.

4 (b) The number requiring follow-up surveys.

5 (c) The number referred to the Michigan public health institute
6 for remediation.

7 (d) The number of citations per home.

8 (e) The number of night and weekend complaints filed.

9 (f) The number of night and weekend responses to complaints
10 conducted by the department.

11 (g) The average length of time for the department to respond to a
12 complaint filed against a nursing home.

13 (h) The number and percentage of citations appealed.

14 (i) The number and percentage of citations overturned and/or
15 modified.

16 Sec. 703. As a condition for receiving the general fund/general
17 purpose appropriations in part 1 for health systems administration,
18 the department shall provide assistance to any person making an oral
19 request for a nursing home investigation in putting his or her request
20 into writing, shall initiate investigations on all written nursing
21 home complaints filed with the department within 15 days of receipt of
22 the complaint, and shall provide a written response to the complainant
23 within 30 days of receipt of the written complaint.

24 Sec. 704. The department shall continue to work with grantees
25 supported through the appropriation in part 1 for emergency medical
26 services grants and contracts to ensure that a sufficient number of
27 qualified emergency medical services personnel exist to serve rural

1 areas of the state.

2 Sec. 705. The department shall post on the Internet the
3 executive summary of the latest inspection for each licensed nursing
4 home.

5 Sec. 706. When hiring any new nursing home inspectors funded
6 through appropriations in part 1, the department shall make every
7 effort to hire individuals with past experience in the long-term care
8 industry.

9 Sec. 707. It is the intent of the legislature that the funds
10 appropriated in part 1 for the nurse scholarship program, established
11 in section 16315 of the public health code, 1978 PA 368, MCL
12 333.16315, are used to increase the number of nurses practicing in
13 Michigan. The board of nursing is encouraged to structure
14 scholarships funded under this act in a manner that rewards recipients
15 who intend to practice nursing in Michigan. In addition, it is the
16 intent of the legislature that the department and the board of nursing
17 work cooperatively with the Michigan higher education assistance
18 authority to coordinate scholarship assistance with scholarships
19 provided pursuant to the Michigan nursing scholarship act, 2002 PA
20 591, MCL 390.1181 to 390.1189.

21 Sec. 708. Nursing facilities may report in the quarterly staff
22 report to the department, the total patient care hours provided each
23 month, by state licensure and certification classification, and the
24 percentage of pool staff, by state licensure and certification
25 classification, used each month during the preceding quarter. The
26 department shall make available to the public, the quarterly staff
27 report compiled for all facilities including the total patient care

1 hours and the percentage of pool staff used, by classification.

2 **INFECTIOUS DISEASE CONTROL**

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

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

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

17 Sec. 804. The department shall require that the tetanus and
18 diphtheria immunization be offered annually at the same time that the
19 influenza immunization is offered to patients 65 years of age or older
20 who are residents of long-term care facilities.

21 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

22 Sec. 901. The amount appropriated in part 1 for implementation
23 of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015,
24 and 17515 of the public health code, 1978 PA 368, MCL 333.9161,
25 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall

1 reimburse local health departments for costs incurred related to
2 implementation of section 17015(18) of the public health code, 1978
3 PA 368, MCL 333.17015.

4 Sec. 902. If a county that has participated in a district health
5 department or an associated arrangement with other local health
6 departments takes action to cease to participate in such an
7 arrangement after October 1, 2004, the department shall have the
8 authority to assess a penalty from the local health department's
9 operational accounts in an amount equal to no more than 5% of the
10 local health department's local public health operations funding.
11 This penalty shall only be assessed to the local county that requests
12 the dissolution of the health department.

13 Sec. 903. The department shall provide a report annually to the
14 house of representatives and senate appropriations subcommittees on
15 community health, the senate and house fiscal agencies, and the state
16 budget director on the expenditures and activities undertaken by the
17 lead abatement program. The report shall include, but is not limited
18 to, a funding allocation schedule, expenditures by category of
19 expenditure and by subcontractor, revenues received, description of
20 program elements, and description of program accomplishments and
21 progress.

22 Sec. 904. (1) Funds appropriated in part 1 for local public
23 health operations shall be prospectively allocated to local health
24 departments to support immunizations, infectious disease control,
25 sexually transmitted disease control and prevention, hearing
26 screening, vision services, food protection, public water supply,
27 private groundwater supply, and on-site sewage management. Food

1 protection shall be provided in consultation with the Michigan
2 department of agriculture. Public water supply, private groundwater
3 supply, and on-site sewage management shall be provided in
4 consultation with the Michigan department of environmental quality.

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

7 (3) Distributions in subsection (1) shall be made only to counties
8 that maintain local spending in fiscal year 2004-2005 of at least the
9 amount expended in fiscal year 1992-1993 for the services described in
10 subsection (1).

11 (4) By April 1, 2005, the department shall make available upon
12 request a report to the senate or house of representatives
13 appropriations subcommittee on community health, the senate or house
14 fiscal agency, or the state budget director on the planned allocation
15 of the funds appropriated for local public health operations.

16 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

17 **PROMOTION**

18 Sec. 1001. From the state funds appropriated in part 1, the
19 department shall allocate funds to promote awareness, education, and
20 early detection of breast, cervical, prostate, and colorectal cancer,
21 and provide for other health promotion media activities.

22 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's
23 information network shall be used to provide information and referral
24 services through regional networks for persons with Alzheimer's
25 disease or related disorders, their families, and health care
26 providers.

27 Sec. 1006. In spending the funds appropriated in part 1 for the

1 smoking prevention program, priority shall be given to prevention and
2 smoking cessation programs for pregnant women, women with young
3 children, and adolescents.

4 Sec. 1007. (1) The funds appropriated in part 1 for violence
5 prevention shall be used for, but not be limited to, the following:

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

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

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

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

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

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

26 Sec. 1020. From the funds appropriated in part 1 for chronic
27 disease prevention, \$856,100.00 shall be allocated for a childhood and

1 adult arthritis program.

2 Sec. 1028. Contingent on the availability of state restricted
3 healthy Michigan fund money or federal preventive health and health
4 services block grant fund money, funds shall be appropriated for the
5 African-American male health initiative.

6 **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

7 Sec. 1101. The department shall review the basis for the
8 distribution of funds to local health departments and other public and
9 private agencies for the women, infants, and children food supplement
10 program; family planning; and prenatal care outreach and service
11 delivery support program and indicate the basis upon which any
12 projected underexpenditures by local public and private agencies shall
13 be reallocated to other local agencies that demonstrate need.

14 Sec. 1104. Before April 1, 2005, the department shall submit a
15 report to the house and senate fiscal agencies and the state budget
16 director on planned allocations from the amounts appropriated in part
17 1 for local MCH services, prenatal care outreach and service delivery
18 support, family planning local agreements, and pregnancy prevention
19 programs. Using applicable federal definitions, the report shall
20 include information on all of the following:

21 (a) Funding allocations.

22 (b) Actual number of women, children, and/or adolescents served
23 and amounts expended for each group for the fiscal year 2003-2004.

24 Sec. 1105. For all programs for which an appropriation is made
25 in part 1, the department shall contract with those local agencies
26 best able to serve clients. Factors to be used by the department in

1 evaluating agencies under this section shall include ability to serve
2 high-risk population groups; ability to serve low-income clients,
3 where applicable; availability of, and access to, service sites;
4 management efficiency; and ability to meet federal standards, when
5 applicable.

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

12 Sec. 1106a. (1) Federal abstinence money expended in part 1 for
13 the purpose of promoting abstinence education shall provide abstinence
14 education to teenagers most likely to engage in high-risk behavior as
15 their primary focus, and may include programs that include 9- to
16 17-year-olds. Programs funded must meet all of the following
17 guidelines:

18 (a) Teaches the gains to be realized by abstaining from sexual
19 activity.

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

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

25 (d) Teaches that a monogamous relationship in the context of
26 marriage is the expected standard of human sexual activity.

27 (e) Teaches that sexual activity outside of marriage is likely to

1 have harmful effects.

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

4 (g) Teaches young people how to avoid sexual advances and how
5 alcohol and drug use increases vulnerability to sexual advances.

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

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

12 (3) Programs and organizations that meet the guidelines of
13 subsection (1) and criteria of subsection (2) shall have the option of
14 receiving all or part of their funds directly from the department of
15 community health.

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

19 Sec. 1108. The funds appropriated in part 1 for pregnancy
20 prevention programs shall not be used to provide abortion counseling,
21 referrals, or services.

22 Sec. 1109. (1) From the amounts appropriated in part 1 for
23 dental programs, funds shall be allocated to the Michigan dental
24 association for the administration of a volunteer dental program that
25 would provide dental services to the uninsured in an amount that is no
26 less than the amount allocated to that program in fiscal year
27 1996-1997.

1 (2) Not later than December 1 of the current fiscal year, the
2 department shall make available upon request a report to the senate or
3 house of representatives appropriations subcommittee on community
4 health or the senate or house of representatives standing committee on
5 health policy the number of individual patients treated, number of
6 procedures performed, and approximate total market value of those
7 procedures through September 30, 2004.

8 Sec. 1110. Agencies that currently receive pregnancy prevention
9 funds and either receive or are eligible for other family planning
10 funds shall have the option of receiving all of their family planning
11 funds directly from the department of community health and be
12 designated as delegate agencies.

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

17 Sec. 1112. From the funds appropriated in part 1 for prenatal
18 care outreach and service delivery support, the department shall
19 allocate at least \$1,000,000.00 to communities with high infant
20 mortality rates.

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

24 Sec. 1129. The department shall provide a report annually to the
25 house of representatives and senate appropriations subcommittees on
26 community health, the house and senate fiscal agencies, and the state
27 budget director on the number of children with elevated blood lead

1 levels from information available to the department. The report shall
2 provide the information by county, shall include the level of blood
3 lead reported, and shall indicate the sources of the information.

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

7 Sec. 1135. (1) Provision of the school health education
8 curriculum, such as the Michigan model or another comprehensive school
9 health education curriculum, shall be in accordance with the health
10 education goals established by the Michigan model for the
11 comprehensive school health education state steering committee. The
12 state steering committee shall be comprised of a representative from
13 each of the following offices and departments:

14 (a) The department of education.

15 (b) The department of community health.

16 (c) The health administration in the department of community
17 health.

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

20 (e) The family independence agency.

21 (f) The department of state police.

22 (2) Upon written or oral request, a pupil not less than 18 years
23 of age or a parent or legal guardian of a pupil less than 18 years of
24 age, within a reasonable period of time after the request is made,
25 shall be informed of the content of a course in the health education
26 curriculum and may examine textbooks and other classroom materials
27 that are provided to the pupil or materials that are presented to the

1 pupil in the classroom. This subsection does not require a school
2 board to permit pupil or parental examination of test questions and
3 answers, scoring keys, or other examination instruments or data used
4 to administer an academic examination.

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

6 Sec. 1151. The department may work with local participating
7 agencies to define local annual contributions for the farmer's market
8 nutrition program, project FRESH, to enable the department to request
9 federal matching funds by April 1, 2005 based on local commitment of
10 funds.

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

12 Sec. 1201. Funds appropriated in part 1 for medical care and
13 treatment of children with special health care needs shall be paid
14 according to reimbursement policies determined by the Michigan medical
15 services program. Exceptions to these policies may be taken with the
16 prior 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
19 metabolic 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
23 eligible families.

24 (d) Provide medical care and treatment to eligible patients with
25 hereditary coagulation defects, commonly known as hemophilia, who are
26 21 years of age or older.

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

5 **OFFICE OF DRUG CONTROL POLICY**

6 Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula
7 grant program funding the department provides to local drug treatment
8 courts, the department shall provide \$1,800,000.00 in Byrne formula
9 grant program funding to the judiciary by interdepartmental grant.

10 **CRIME VICTIM SERVICES COMMISSION**

11 Sec. 1302. From the funds appropriated in part 1 for justice
12 assistance grants, up to \$50,000.00 shall be allocated for expansion
13 of forensic nurse examiner programs to facilitate training for
14 improved evidence collection for the prosecution of sexual assault.
15 The funds shall be used for program coordination, training, and
16 counseling. Unexpended funds shall be carried forward.

17 Sec. 1304. The department shall work with the department of
18 state police, the Michigan hospital association, the Michigan state
19 medical society, and the Michigan nurses association to ensure that
20 the recommendations included in the "Standard Recommended Procedures
21 for the Emergency Treatment of Sexual Assault Victims" are followed in
22 the collection of evidence.

23 **OFFICE OF SERVICES TO THE AGING**

24 Sec. 1401. The appropriation in part 1 to the office of services
25 to the aging, for community and nutrition services and home services,

1 shall be restricted to eligible individuals at least 60 years of age
2 who fail to qualify for home care services under title XVIII, XIX, or
3 XX.

4 Sec. 1403. The office of services to the aging shall require
5 each region to report to the office of services to the aging home
6 delivered meals waiting lists based upon standard criteria.
7 Determining criteria shall include all of the following:

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

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

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

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

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

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

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

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

19 **MEDICAL SERVICES**

20 Sec. 1601. The cost of remedial services incurred by residents
21 of licensed adult foster care homes and licensed homes for the aged
22 shall be used in determining financial eligibility for the medically
23 needy. Remedial services include basic self-care and rehabilitation
24 training for a resident.

25 Sec. 1602. Medical services shall be provided to elderly and
26 disabled persons with incomes less than or equal to 100% of the

1 official poverty line, pursuant to the state's option to elect such
2 coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX,
3 42 USC 1396a.

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

7 (2) The department may receive and expend premiums for the buy-in
8 of medical coverage in addition to the amounts appropriated in part
9 1.

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

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

16 (2) The department shall notify the senate and house of
17 representatives appropriations subcommittees on community health and
18 the state budget director of any proposed revisions to the protected
19 income level for Medicaid coverage related to the public assistance
20 standard 90 days prior to implementation.

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

25 Sec. 1607. (1) An applicant for Medicaid, whose qualifying
26 condition is pregnancy, shall immediately be presumed to be eligible
27 for Medicaid coverage unless the preponderance of evidence in her

1 application indicates otherwise. The applicant who is qualified as
2 described in this subsection shall be allowed to select or remain with
3 the Medicaid participating obstetrician of her choice.

4 (2) An applicant qualified as described in subsection (1) shall be
5 given a letter of authorization to receive Medicaid covered services
6 related to her pregnancy. All qualifying applicants shall be entitled
7 to receive all medically necessary obstetrical and prenatal care
8 without preauthorization from a health plan. All claims submitted for
9 payment for obstetrical and prenatal care shall be paid at the
10 Medicaid fee-for-service rate in the event a contract does not exist
11 between the Medicaid participating obstetrical or prenatal care
12 provider and the managed care plan. The applicant shall receive a
13 listing of Medicaid physicians and managed care plans in the immediate
14 vicinity of the applicant's residence.

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

22 (4) 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
26 services.

27 (5) The department shall develop an enrollment process for

1 pregnant women covered under this section that facilitates the
2 selection of a managed care plan at the time of application.

3 Sec. 1609. Effective October 1, 2004, the department shall
4 eliminate Medicaid eligibility for parents, caretaker relatives, and
5 persons under age 21 but older than age 18 who are not required to be
6 covered under federal Medicaid requirements.

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

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

25 (2) Notwithstanding subsection (1), medical services reimbursement
26 for hospital services provided to dual Medicare/medical services
27 recipients with Medicare Part B coverage only shall equal, when

1 combined with payments for Medicare and other third-party resources,
2 if any, those amounts established for medical services-only patients,
3 including capital payments.

4 Sec. 1615. Unless prohibited by federal or state law or
5 regulation, the department shall require enrolled Medicaid providers
6 to submit their billings for services electronically.

7 Sec. 1620. (1) For fee-for-service recipients, the
8 pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual
9 or customary cash charge, whichever is less.

10 (2) If carved-out of the capitation rate for managed care
11 recipients, the pharmaceutical dispensing fee shall be \$3.77 or the
12 pharmacy's usual or customary cash charge or the usual charge allowed
13 by the recipient's Medicaid HMO, whichever is less.

14 (3) Except as otherwise prohibited by federal or state law or
15 regulation, the department shall require a prescription copayment for
16 Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a
17 brand-name drug when a generic equivalent is available.

18 (4) The department may limit the number of brand-name drugs that
19 may be reimbursed for each Medicaid recipient to 4 prescriptions per
20 month, without prior authorization. No monthly limit shall be placed
21 on the number of generic drug prescriptions that may be reimbursed
22 through Medicaid.

23 Sec. 1621. (1) The department may implement prospective drug
24 utilization review and disease management systems. The prospective
25 drug utilization review and disease management systems authorized by
26 this subsection shall have physician oversight, shall focus on
27 patient, physician, and pharmacist education, and shall be developed

1 in consultation with the national pharmaceutical council, Michigan
2 state medical society, Michigan association of osteopathic physicians,
3 Michigan pharmacists' association, Michigan health and hospital
4 association, and Michigan nurses' association.

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

7 Sec. 1621a. (1) The department, in conjunction with
8 pharmaceutical manufacturers or their agents, may establish pilot
9 projects to test the efficacy of disease management and health
10 management programs.

11 (2) The department may negotiate a plan that uses the savings
12 resulting from the services rendered from these programs, in lieu of
13 requiring a supplemental rebate for the inclusion of those
14 participating parties' products on the department's preferred drug
15 list.

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

18 (a) A physician that calls the department's agent for prior
19 authorization of drugs that are not on the department's preferred drug
20 list shall be informed of the option to speak to the agent's physician
21 on duty concerning the prior authorization request if the agent's
22 pharmacist denies the prior authorization request. If immediate
23 contact with the agent's physician on duty is requested, but cannot be
24 arranged, the physician placing the call shall be immediately informed
25 of the right to request a 72-hour supply of the nonauthorized drug.

26 (b) The department's prior authorization and appeal process shall
27 be available on the department's website. The department shall also

1 continue to implement a program that allows providers to file prior
2 authorization and appeal requests electronically.

3 (c) The department shall provide authorization for prescribed
4 drugs that are not on its preferred drug list if the prescribing
5 physician verifies that the drugs are necessary for the continued
6 stabilization of the patient's medical condition following documented
7 previous failures on earlier prescription regimens. Documentation of
8 previous failures may be provided by telephone, facsimile, or
9 electronic transmission.

10 (d) Meetings of the department's pharmacy and therapeutics
11 committee shall be open to the public with advance notice of the
12 meeting date, time, place, and agenda posted on the department's
13 website 14 days in advance of each meeting date. By January 31 of
14 each year, the department shall publish the committee's regular
15 meeting schedule for the year on the department's website. The
16 pharmacy and therapeutics committee meetings shall be subject to the
17 requirements of the open meetings act, 1976 PA 267, MCL 15.261 to
18 15.275. The committee shall provide an opportunity for interested
19 parties to comment at each meeting following written notice to the
20 committee's chairperson of the intent to provide comment.

21 (e) The pharmacy and therapeutics committee shall make
22 recommendations for the inclusion of medications on the preferred drug
23 list based on sound clinical evidence found in labeling, drug
24 compendia, and peer-reviewed literature pertaining to use of the drug
25 in the relevant population. The committee shall develop a method to
26 receive notification and clinical information about new drugs. The
27 department shall post this process and the necessary forms on the

1 department's website.

2 (f) The department shall assure compliance with the published
3 Medicaid bulletin implementing the Michigan pharmaceutical best
4 practices initiative program. The department shall also include this
5 information on its website.

6 (g) By May 15, 2005, the department shall provide a report to the
7 members of the house and senate appropriations subcommittees on
8 community health and the house and senate fiscal agencies identifying
9 the prescribed drugs that are grandfathered in as preferred drugs and
10 available without prior authorization and the population groups to
11 which they apply. The report shall assess strategies to improve the
12 drug prior authorization process.

13 Sec. 1622a. (1) It is the intent of the legislature that the
14 pharmacy and therapeutics committee shall consist of the following 11
15 members:

16 (a) Five members of the committee shall be Michigan licensed
17 retail pharmacists who are in active clinical practice residing in the
18 state. All member pharmacists shall have a representative portion of
19 fee-for-service Medicaid clients in their practice.

20 (b) Six members of the committee shall be Michigan licensed
21 physicians who are in active clinical practice residing in the state.
22 All member physicians shall have a representative portion of
23 fee-for-service Medicaid clients in their practice.

24 (2) It is also the intent of the legislature that the membership
25 on the committee shall be developed by appointing:

26 (a) Physicians, recommended by the Michigan medical society and
27 the Michigan osteopathic association, and may include at least 1

1 physician with expertise in mental health.

2 (b) Retail pharmacists, recommended by the Michigan pharmacists
3 association and the Michigan retailers association, and may include at
4 least 1 pharmacist with expertise with mental health drugs.

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

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

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

17 Sec. 1625. The department shall continue its practice of placing
18 all atypical antipsychotic medications on the Medicaid preferred drug
19 list.

20 Sec. 1626. Prior to implementing a multistate drug purchasing
21 compact, the department shall provide the senate and house
22 appropriations subcommittees on community health and the senate and
23 house fiscal agencies with a benefit-cost analysis to document that
24 the savings from the compact exceed the savings from the current
25 preferred drug list (PDL) supplemental rebate drug programs.

26 Sec. 1627. (1) The department shall use procedures and rebates
27 amounts specified under section 1927 of title XIX, 42 USC 1396r-8, to

1 secure quarterly rebates from pharmaceutical manufacturers for
2 outpatient drugs dispensed to participants in the MICHild program,
3 maternal outpatient medical services program, state medical program,
4 children's special health care services, and EPIC.

5 (2) For products distributed by pharmaceutical manufacturers not
6 providing quarterly rebates as listed in subsection (1), the
7 department may require preauthorization.

8 Sec. 1629. The department shall utilize maximum allowable cost
9 pricing for generic drugs that is based on wholesaler pricing to
10 providers that is available from at least 2 wholesalers who deliver in
11 the state of Michigan.

12 Sec. 1630. (1) Medicaid hearing aid services, adult dental
13 services, podiatric services, and chiropractic services shall continue
14 at not less than the level in effect on October 1, 2002, except that
15 reasonable utilization limitations may be adopted in order to prevent
16 excess utilization. The department shall not impose utilization
17 restrictions on chiropractic services unless a recipient has exceeded
18 18 office visits within 1 year.

19 (2) Notwithstanding subsection (1), the department shall provide a
20 report on options to contain the Medicaid costs associated with
21 providing hearing aid coverage, including the bulk purchase of hearing
22 aids, limitations on binaural hearing aid benefits, and other
23 alternatives, by January 1, 2005.

24 Sec. 1631. The department shall require copayments on dental,
25 podiatric, chiropractic, vision, and hearing aid services provided to
26 Medicaid recipients, except as prohibited by federal or state law or
27 regulation.

1 Sec. 1633. From the funds appropriated in part 1 for auxiliary
2 medical services, the department shall expand the healthy kids dental
3 program statewide if funds become available specifically for expansion
4 of the program.

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

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

12 Sec. 1643. Of the funds appropriated in part 1 for graduate
13 medical education in the hospital services and therapy line item
14 appropriation, \$10,359,000.00 shall be allocated for the psychiatric
15 residency training program that establishes and maintains
16 collaborative relations with the schools of medicine at Michigan State
17 University and Wayne State University if the necessary Medicaid
18 matching funds are provided by the universities as allowable state
19 match.

20 Sec. 1647. From the funds appropriated in part 1 for medical
21 services, the department shall allocate for graduate medical education
22 not less than the level of rates and payments in effect on April 1,
23 2004.

24 Sec. 1648. The department shall maintain an automated toll-free
25 phone line to enable medical providers to verify the eligibility
26 status of Medicaid recipients. There shall be no charge to providers
27 for the use of the toll-free phone line.

1 Sec. 1649. From the funds appropriated in part 1 for medical
2 services, the department shall continue breast and cervical cancer
3 treatment coverage for women up to 250% of the federal poverty level,
4 who are under age 65, and who are not otherwise covered by insurance.
5 This coverage shall be provided to women who have been screened
6 through the centers for disease control breast and cervical cancer
7 early detection program, and are found to have breast or cervical
8 cancer, pursuant to the breast and cervical cancer prevention and
9 treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

10 Sec. 1650. (1) The department may require medical services
11 recipients residing in counties offering managed care options to
12 choose the particular managed care plan in which they wish to be
13 enrolled. Persons not expressing a preference may be assigned to a
14 managed care provider.

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

21 (3) The criteria for medical exceptions to HMO enrollment shall be
22 based on submitted documentation that indicates a recipient has a
23 serious medical condition, and is undergoing active treatment for that
24 condition with a physician who does not participate in 1 of the HMOs.
25 If the person meets the criteria established by this subsection, the
26 department shall grant an exception to mandatory enrollment at least
27 through the current prescribed course of treatment, subject to

1 periodic review of continued eligibility.

2 Sec. 1651. (1) Medical services patients who are enrolled in
3 HMOs have the choice to elect hospice services or other services for
4 the terminally ill that are offered by the HMOs. If the patient
5 elects hospice services, those services shall be provided in
6 accordance with part 214 of the public health code, 1978 PA 368,
7 MCL 333.21401 to 333.21420.

8 (2) The department shall not amend the medical services hospice
9 manual in a manner that would allow hospice services to be provided
10 without making available all comprehensive hospice services described
11 in 42 CFR part 418.

12 Sec. 1653. Implementation and contracting for managed care by
13 the department through HMOs shall be subject to the following
14 conditions:

15 (a) Continuity of care is assured by allowing enrollees to
16 continue receiving required medically necessary services from their
17 current providers for a period not to exceed 1 year if enrollees meet
18 the managed care medical exception criteria.

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

21 (c) A health plans advisory council is functioning that meets all
22 applicable federal and state requirements for a medical care advisory
23 committee. The council shall review at least quarterly the
24 implementation of the department's managed care plans.

25 (d) Mandatory enrollment of Medicaid beneficiaries living in
26 counties defined as rural by the federal government, which is any
27 nonurban standard metropolitan statistical area, is allowed if there

1 is only 1 HMO serving the Medicaid population, as long as each
2 Medicaid beneficiary is assured of having a choice of at least 2
3 physicians by the HMO.

4 (e) Enrollment of recipients of children's special health care
5 services in HMOs shall be voluntary during fiscal year 2004-2005.

6 (f) The department shall develop a case adjustment to its rate
7 methodology that considers the costs of persons with HIV/AIDS, end
8 stage renal disease, organ transplants, epilepsy, and other high-cost
9 diseases or conditions and shall implement the case adjustment when it
10 is proven to be actuarially and fiscally sound. Implementation of the
11 case adjustment must be budget neutral.

12 Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO
13 covered services delivered other than through the HMO's providers if
14 medically necessary and approved by the HMO, immediately required, and
15 that could not be reasonably obtained through the HMO's providers on a
16 timely basis. Such services shall be considered approved if the HMO
17 does not respond to a request for authorization within 24 hours of the
18 request. Reimbursement shall not exceed the Medicaid fee-for-service
19 payment for those services.

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

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

26 Sec. 1656. (1) The department shall provide an expedited
27 complaint review procedure for Medicaid eligible persons enrolled in

1 HMOs for situations in which failure to receive any health care
2 service would result in significant harm to the enrollee.

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

8 (3) Annual reports summarizing the problems and complaints
9 reported and their resolution shall be provided to the house of
10 representatives and senate appropriations subcommittees on community
11 health, the house and senate fiscal agencies, the state budget office,
12 and the department's health plans advisory council.

13 Sec. 1657. (1) Reimbursement for medical services to screen and
14 stabilize a Medicaid recipient, including stabilization of a
15 psychiatric crisis, in a hospital emergency room shall not be made
16 contingent on obtaining prior authorization from the recipient's HMO.
17 If the recipient is discharged from the emergency room, the hospital
18 shall notify the recipient's HMO within 24 hours of the diagnosis and
19 treatment received.

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

24 (3) Subsections (1) and (2) shall not be construed as a
25 requirement to alter an existing agreement between an HMO and their
26 contracting hospitals nor as a requirement that an HMO must reimburse
27 for services that are not considered to be medically necessary.

1 (4) Prior to contracting with an HMO for managed care services
2 that did not have a contract with the department before October 1,
3 2002, the department shall receive assurances from the office of
4 financial and insurance services that the HMO meets the net worth and
5 financial solvency requirements contained in chapter 35 of the
6 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

7 Sec. 1658. (1) It is the intent of the legislature that HMOs
8 shall have contracts with hospitals within a reasonable distance from
9 their enrollees. If a hospital does not contract with the HMO, in its
10 service area, that hospital shall enter into a hospital access
11 agreement as specified in the MSA bulletin Hospital 01-19.

12 (2) A hospital access agreement specified in subsection (1) shall
13 be considered an affiliated provider contract pursuant to the
14 requirements contained in chapter 35 of the insurance code of 1956,
15 1956 PA 218, MCL 500.3501 to 500.3580.

16 Sec. 1659. The following sections are the only ones that shall
17 apply to the following Medicaid managed care programs, including the
18 comprehensive plan, children's special health care services plan,
19 MIChoice long-term care plan, and the mental health, substance abuse,
20 and developmentally disabled services program: 402, 404, 414, 418,
21 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660,
22 1661, 1662, and 1699.

23 Sec. 1660. (1) The department shall assure that all Medicaid
24 children have timely access to EPSDT services as required by federal
25 law. Medicaid HMOs shall provide EPSDT services to their child
26 members in accordance with Medicaid EPSDT policy.

27 (2) The primary responsibility of assuring a child's hearing and

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

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

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

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

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

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

8 (2) The department shall prohibit HMOs from requiring prior
9 authorization of their contracted providers for any EPSDT screening
10 and diagnosis service, for any MSS/ISS screening referral, or for up
11 to 3 MSS/ISS service visits.

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

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

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

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. 1670. (1) The appropriation in part 1 for the MICHild
9 program is to be used to provide comprehensive health care to all
10 children under age 19 who reside in families with income at or below
11 200% of the federal poverty level, who are uninsured and have not had
12 coverage by other comprehensive health insurance within 6 months of
13 making application for MICHild benefits, and who are residents of this
14 state. The department shall develop detailed eligibility criteria
15 through the medical services administration public concurrence
16 process, consistent with the provisions of this act. Health care
17 coverage for children in families below 150% of the federal poverty
18 level shall be provided through expanded eligibility under the state's
19 Medicaid program. Health coverage for children in families between
20 150% and 200% of the federal poverty level shall be provided through a
21 state-based private health care program.

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

26 (a) "Dental care corporation", "health care corporation",
27 "insurer", and "prudent purchaser agreement" mean those terms as

1 defined in section 2 of the prudent purchaser act, 1984 PA 233,
2 MCL 550.52.

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

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

7 (4) The department may make payments on behalf of children
8 enrolled in the MICHild program from the line-item appropriation
9 associated with the program as described in the MICHild state plan
10 approved by the United States department of health and human services,
11 or from other medical services line-item appropriations providing for
12 specific health care services.

13 Sec. 1671. From the funds appropriated in part 1, the department
14 shall continue a comprehensive approach to the marketing and outreach
15 of the MICHild program. The marketing and outreach required under
16 this section shall be coordinated with current outreach, information
17 dissemination, and marketing efforts and activities conducted by the
18 department.

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

25 Sec. 1673. The department may establish premiums for MICHild
26 eligible persons in families with income above 150% of the federal
27 poverty level. The monthly premiums shall not exceed \$15.00 for a

1 family.

2 Sec. 1674. The department shall not require copayments under the
3 MICHild program.

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

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

14 Sec. 1677. The MICHild program shall provide all benefits
15 available under the state employee insurance plan that are delivered
16 through contracted providers and consistent with federal law,
17 including, but not limited to, the following medically necessary
18 services:

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

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

26 (c) Durable medical equipment and prosthetic and orthotic
27 devices.

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

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

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

6 (g) Physical therapy, occupational therapy, and services for
7 individuals with speech, hearing, and language disorders.

8 (h) Emergency ambulance services.

9 Sec. 1680. (1) It is the intent of the legislature that payment
10 increases for enhanced wages and new or enhanced employee benefits
11 provided in previous years through the Medicaid nursing home wage
12 pass-through program be continued in fiscal year 2004-2005.

13 (2) The department shall provide a report to the house and senate
14 appropriations subcommittees on community health and the house and
15 senate fiscal agencies regarding the amount of nursing home employee
16 wage and benefit increases provided in fiscal year 2003-2004 through
17 the Medicaid nursing home wage pass-through program implemented in
18 previous years.

19 (3) The department shall not implement any increase or decrease in
20 the Medicaid nursing home wage pass-through program in fiscal year
21 2004-2005.

22 Sec. 1681. From the funds appropriated in part 1 for home and
23 community-based services, the department and local waiver agents shall
24 encourage the use of family members, friends, and neighbors of home
25 and community-based services participants, where appropriate, to
26 provide homemaker services, meal preparation, transportation, chore
27 services, and other nonmedical covered services to participants in the

1 Medicaid home and community-based services program. This section
2 shall not be construed as allowing for the payment of family members,
3 friends, or neighbors for these services unless explicitly provided
4 for in federal or state law.

5 Sec. 1682. (1) The department shall implement enforcement
6 actions as specified in the nursing facility enforcement provisions of
7 section 1919 of title XIX, 42 USC 1396r.

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

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

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

25 Sec. 1685. All nursing home rates, class I and class III, must
26 have their respective fiscal year rate set 30 days prior to the
27 beginning of their rate year. Rates may take into account the most

1 recent cost report prepared and certified by the preparer, provider
2 corporate owner or representative as being true and accurate, and
3 filed timely, within 5 months of the fiscal year end in accordance
4 with Medicaid policy. If the audited version of the last report is
5 available, it shall be used. Any rate factors based on the filed cost
6 report may be retroactively adjusted upon completion of the audit of
7 that cost report.

8 Sec. 1687. (1) From the funds appropriated in part 1 for
9 long-term care services, the department shall contract with a stand
10 alone psychiatric facility that provides at least 20% of its total
11 care to Medicaid recipients to provide access to Medicaid recipients
12 who require specialized Alzheimer's disease or dementia care.

13 (2) The department shall report to the senate and house
14 appropriations subcommittees on community health and the senate and
15 house fiscal agencies on the effectiveness of the contract required
16 under subsection (1) to improve the quality of services to Medicaid
17 recipients.

18 Sec. 1688. The department shall not impose a limit on per unit
19 reimbursements to service providers that provide personal care or
20 other services under the Medicaid home and community-based waiver
21 program for the elderly and disabled. The department's per day per
22 client reimbursement cap calculated in the aggregate for all services
23 provided under the Medicaid home and community-based waiver is not a
24 violation of this section.

25 Sec. 1689. (1) Priority in enrolling additional persons in the
26 Medicaid home and community-based services program shall be given to
27 those who are currently residing in nursing homes or who are eligible

1 to be admitted to a nursing home if they are not provided home and
2 community-based services. The department shall implement screening
3 and assessment procedures to assure that no additional Medicaid
4 eligible persons are admitted to nursing homes who would be more
5 appropriately served by the Medicaid home and community-based services
6 program. If there is a net decrease in the number of Medicaid nursing
7 home days of care during the most recent quarter in comparison with
8 the previous quarter and a net cost savings attributable to moving
9 individuals from a nursing home to the home and community-based
10 services waiver program, the department shall transfer the net cost
11 savings to the home and community-based services waiver program. If a
12 transfer is required, it shall be done on a quarterly basis.

13 (2) Within 30 days of the end of each fiscal quarter, the
14 department shall provide a report to the senate and house
15 appropriations subcommittees on community health and the senate and
16 house fiscal agencies that details existing and future allocations for
17 the home and community-based waiver program by regions as well as the
18 associated expenditures. The report shall include information
19 regarding the net cost savings from moving individuals from a nursing
20 home to the home and community-based services waiver program and the
21 amount of funds transferred.

22 (3) The department shall utilize a competitive bid process to
23 award funds for the implementation of the new screening process to be
24 applied to home and community-based services and nursing facility
25 services provided by Medicaid.

26 Sec. 1690. (1) Contingent on the availability of funds and the
27 approval of the centers for Medicaid and Medicare services, the

1 department shall encourage and assist in the establishment of a
2 program of all inclusive care for the elderly (PACE), in at least
3 parts of 3 west Michigan counties, being Kent, Barry, and Ionia.

4 (2) This program shall provide a capitated, managed care benefit
5 for the frail elderly, provided by a not-for-profit agency, that will
6 feature a comprehensive medical and social service delivery system.
7 In addition, the program shall use a multidisciplinary team approach
8 in an adult day health center supplemented by in-home and referral
9 service in accordance with participants' needs. The PACE program may
10 be funded by a combination of Medicaid, Medicare, or other fund
11 sources.

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

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

24 (a) Finance activities within the medical services administration
25 related to this project.

26 (b) Reimburse participating school districts pursuant to the fund
27 sharing ratios negotiated in the state-local agreements authorized in

1 subsection (1).

2 (c) Offset general fund costs associated with the medical services
3 program.

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

9 Sec. 1694. The department of community health shall distribute
10 \$695,000.00 to children's hospitals that have a high indigent care
11 volume. The amount to be distributed to any given hospital shall be
12 based on a formula determined by the department of community health.

13 Sec. 1697. (1) As may be allowed by federal law or regulation,
14 the department may use funds provided by a local or intermediate
15 school district, which have been obtained from a qualifying health
16 system, as the state match required for receiving federal Medicaid or
17 children health insurance program funds. Any such funds received
18 shall be used only to support new school-based or school-linked health
19 services.

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

25 Sec. 1699. (1) The department may make separate payments
26 directly to qualifying hospitals serving a disproportionate share of
27 indigent patients, and to hospitals providing graduate medical

1 education training programs. If direct payment for GME and DSH is
2 made to qualifying hospitals for services to Medicaid clients,
3 hospitals will not include GME costs or DSH payments in their
4 contracts with HMOs.

5 (2) The department shall assure that all of the graduate medical
6 education funds appropriated in the health plan services line item are
7 allocated to qualifying hospitals. Any unexpended graduate medical
8 education funds shall be returned to the department and redistributed
9 to hospitals through the graduate medical education funding
10 methodology utilized in fiscal year 2003-2004.

11 (3) The department shall require HMOs to provide a quarterly
12 report on the amount of graduate medical education funds distributed
13 to each hospital and the amount of funds that were not expended.

14 Sec. 1700. (1) The department shall request a waiver of 42 CFR
15 438.6(c)(1)(i) from the centers for Medicare and Medicaid services to
16 obtain approval to implement actuarially sound capitation rates for
17 managed care organizations over 2 years. If the waiver is denied by
18 the centers for Medicare and Medicaid services, Medicaid providers
19 shall receive a reduction in rates to finance the increase necessary
20 to pay actuarially sound rates to Medicaid HMOs.

21 (2) The department shall study alternative approaches to providing
22 Medicaid physical health services to clients currently served by
23 Medicaid managed care organizations. This study shall examine the
24 estimated cost of each alternative, the potential changes in the
25 relationships of providers to the Medicaid program, and the potential
26 effects of each alternative on the Medicaid clientele. Results of
27 this study shall be provided to the senate and house appropriations

1 subcommittees on community health and the senate and house fiscal
2 agencies by January 1, 2005. This study shall consider at least the
3 following alternative approaches:

- 4 (a) A continuation of the current managed care program.
- 5 (b) A return to coverage on a fee-for-service basis.
- 6 (c) Implementation of a primary care case management approach.
- 7 (d) Contracting with a single managed care organization that would
8 provide statewide coverage for Medicaid clients.

9 Sec. 1710. Any proposed changes by the department to the
10 MIChoice home and community-based services waiver program screening
11 process shall be provided to the members of the house and senate
12 appropriations subcommittees on community health prior to
13 implementation of the proposed changes.

14 Sec. 1711. (1) The department shall maintain the 2-tier
15 reimbursement methodology for Medicaid emergency physicians
16 professional services that was in effect on September 30, 2002,
17 subject to the following conditions:

18 (a) Payments by case and in the aggregate shall not exceed 80% of
19 Medicare payment rates.

20 (b) Total expenditures for these services shall not exceed the
21 level of total payments made during fiscal year 2001-2002, after
22 adjusting for Medicare copayments and deductibles and for changes in
23 utilization.

24 (2) To ensure that total expenditures stay within the spending
25 constraints of subsection (1)(b), the department shall develop a
26 utilization adjustor for the basic 2-tier payment methodology. The
27 adjustor shall be based on a good faith estimate by the department as

1 to what the expected utilization of emergency room services will be
2 during fiscal year 2004-2005, given changes in the number and category
3 of Medicaid recipients. If expenditure and utilization data indicate
4 that the amount and/or type of emergency physician professional
5 services are exceeding the department's estimate, the utilization
6 adjustor shall be applied to the 2-tier reimbursement methodology in
7 such a manner as to reduce aggregate expenditures to the fiscal year
8 2001-2002 adjusted expenditure target.

9 (3) If federal law, regulation, or judicial ruling finds that this
10 2-tier reimbursement methodology is not health insurance portability
11 and accountability act (HIPAA) compliant prior to the end of fiscal
12 year 2003-2004, the department shall immediately provide the
13 chairpersons of the senate and house appropriations subcommittees on
14 community health and their respective fiscal agencies with the
15 proposed modifications necessary to bring this methodology into
16 compliance.

17 (4) The proposal specified in subsection (3) should be as
18 consistent as possible with the intent of the methodology specified in
19 this section and must be provided to the subcommittee chairpersons and
20 respective fiscal agencies no less than 30 days before the effective
21 date of the proposal.

22 Sec. 1712. (1) Subject to the availability of funds, the
23 department shall implement a rural health initiative. Available funds
24 shall first be allocated as an outpatient adjustor payment to be paid
25 directly to hospitals in rural counties in proportion to each
26 hospital's Medicaid and indigent patient population. Additional
27 funds, if available, shall be allocated for defibrillator grants, EMT

1 training and support, or other similar programs.

2 (2) Except as otherwise specified in this section, "rural" means a
3 county, city, village, or township with a population of not more than
4 30,000, including those entities if located within a metropolitan
5 statistical area.

6 Sec. 1713. (1) The department, in conjunction with the Michigan
7 dental association, shall undertake a study to determine the level of
8 participation by Michigan licensed dentists in the state's Medicaid
9 program. The study shall identify the distribution of dentists
10 throughout the state, the volume of Medicaid recipients served by each
11 participating dentist, and areas in the state underserved for dental
12 services.

13 (2) The study described in subsection (1) shall also include an
14 assessment of what factors may be related to the apparent low
15 participation by dentists in the Medicaid program, and the study shall
16 make recommendations as to how these barriers to participation may be
17 reduced or eliminated.

18 (3) This study shall be provided to the senate and house
19 appropriations subcommittees on community health and the senate and
20 house fiscal agencies no later than April 1, 2005.

21 Sec. 1716. In implementing the hospital case rate under the
22 Medicaid adult benefits waiver, the department shall set the hospital
23 case rate at a level that ensures that the gross savings from the
24 hospital case rate does not exceed \$108,592,200.00.

25 Sec. 1717. (1) The department shall create 2 pools for
26 distribution of disproportionate share hospital funding. The first
27 pool, totaling \$45,000,000.00, shall be distributed by providing each

1 eligible hospital 100% of the disproportionate share hospital payments
2 that they received in fiscal year 2003-2004. The second pool,
3 totaling \$5,000,000.00, shall be distributed to unaffiliated hospitals
4 and hospital systems that received less than \$900,000.00 in
5 disproportionate share hospital payments in fiscal year 2003-2004
6 based on a formula that is weighted proportional to the product of
7 each eligible system's Medicaid revenue and each eligible system's
8 Medicaid utilization.

9 (2) By November 1, 2004, the department shall report to the senate
10 and house appropriations subcommittees on community health and the
11 senate and house fiscal agencies on the new distribution of funding to
12 each eligible hospital from the 2 pools.

13 Sec. 1718. The department shall provide each Medicaid adult home
14 help beneficiary or applicant with the right to a fair hearing when
15 the department or its agent reduces, suspends, terminates, or denies
16 adult home help services. If the department takes action to reduce,
17 suspend, terminate, or deny adult home help services, it shall provide
18 the beneficiary or applicant with a written notice that states what
19 action the department proposes to take, the reasons for the intended
20 action, the specific regulations that support the action, and an
21 explanation of the beneficiary's or applicant's right to an
22 evidentiary hearing and the circumstances under which those services
23 will be continued if a hearing is requested.

24 Sec. 1720. The department shall implement a Medicare recovery
25 program by January 1, 2005.

26 Sec. 1721. The department shall conduct a review of Medicaid
27 eligibility pertaining to funds prepaid to a nursing home or other

1 health care facility that are subsequently returned to an individual
2 who becomes Medicaid eligible and shall report its findings to the
3 members of the house and senate appropriations subcommittees on
4 community health and the house and senate fiscal agencies not later
5 than May 15, 2005. Included in its report shall be recommendations
6 for policy and procedure changes regarding whether any funds prepaid
7 to a nursing home or other health care facility that are subsequently
8 returned to an individual, after the date of Medicaid eligibility and
9 patient pay amount determination, shall be considered as a countable
10 asset and recommendations for a mechanism for departmental monitoring
11 of those funds.

12 Sec. 1722. The department is authorized to make a
13 disproportionate share payment to a hospital above the appropriation
14 in part 1 if the necessary Medicaid matching funds are provided by, or
15 on behalf of, the hospital as allowable state match.

16 Sec. 1723. Contingent on the availability of state and federal
17 Medicaid funds, \$20,000,000.00 shall be allocated for the following
18 purposes:

19 (a) \$15,000,000.00 shall be distributed for a Michigan first alert
20 response program to hospitals in this state that are verified by the
21 American college of surgeons as level I trauma centers. Of this
22 amount, \$10,000,000.00 shall be distributed in proportion to each
23 hospital's share of annual uncompensated care costs, and \$5,000,000.00
24 shall be distributed in proportion to each hospital's share of annual
25 emergency room visits.

26 (b) The remaining \$5,000,000.00 of the amount described in this
27 section shall be distributed to hospitals in this state that are

1 located beyond 50 miles from a level I trauma center and have over
2 14,000 emergency room visits annually. Of this amount, \$3,300,000.00
3 shall be distributed in proportion to each hospital's share of annual
4 uncompensated care costs, and \$1,700,000.00 shall be distributed in
5 proportion to each hospital's share of annual emergency room visits.

6 Sec. 1724. The department shall allow licensed pharmacies to
7 purchase injectable drugs for the treatment of respiratory syncytial
8 virus for shipment to physicians' offices to be administered to
9 specific patients. If the affected patients are Medicaid eligible,
10 the department shall reimburse pharmacies for the dispensing of the
11 injectable drugs and reimburse physicians for the administration of
12 the injectable drugs.