

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	Full-time equated unclassified positions.....	6.0	
4	Full-time equated classified positions.....	5,077.7	
5	Average population.....	1,102.0	
6	GROSS APPROPRIATION.....	\$	9,743,675,400
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers.....		70,543,400
10	ADJUSTED GROSS APPROPRIATION.....	\$	9,673,132,000
11	Federal revenues:		
12	Total federal revenues.....		5,267,506,300
13	Special revenue funds:		
14	Total local revenues.....		456,096,500
15	Total private revenues.....		54,976,400
16	Tobacco settlement revenue.....		161,700,000
17	Total other state restricted revenues.....		758,704,000
18	State general fund/general purpose.....	\$	2,974,148,800
19	<b>Sec. 102. DEPARTMENTWIDE ADMINISTRATION</b>		
20	Full-time equated unclassified positions.....	6.0	
21	Full-time equated classified positions.....	244.1	
22	Director and other unclassified--6.0 FTE positions..	\$	581,500
23	Community health advisory council.....		8,000
24	Departmental administration and management--221.7		
25	FTE positions.....		22,919,800
26	Certificate of need program administration--11.0 FTE		
27	positions.....		1,007,600

1	Worker's compensation program.....	8,558,700
2	Rent and building occupancy.....	8,259,300
3	Developmental disabilities council and	
4	projects--10.0 FTE positions.....	2,809,100
5	Rural health services.....	1,377,900
6	Michigan essential health care provider program.....	1,391,700
7	Primary care services--1.4 FTE positions.....	<u>2,798,900</u>
8	GROSS APPROPRIATION..... \$	49,712,500
9	Appropriated from:	
10	Interdepartmental grant revenues:	
11	Interdepartmental grant from the department of	
12	treasury, Michigan state hospital finance	
13	authority.....	107,400
14	Federal revenues:	
15	Total federal revenues.....	15,302,700
16	Special revenue funds:	
17	Total private revenues.....	185,900
18	Total other state restricted revenues.....	3,947,900
19	State general fund/general purpose..... \$	30,168,600
20	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
21	<b>ADMINISTRATION AND SPECIAL PROJECTS</b>	
22	Full-time equated classified positions.....103.5	
23	Mental health/substance abuse program	
24	administration--103.5 FTE positions..... \$	11,987,500
25	Consumer involvement program.....	189,100
26	Gambling addiction.....	3,500,000
27	Protection and advocacy services support.....	777,400

1	Mental health initiatives for older persons.....	1,349,200
2	Community residential and support services.....	3,311,800
3	Highway safety projects.....	1,837,200
4	Federal and other special projects.....	2,746,000
5	Family support subsidy.....	16,680,700
6	Housing and support services.....	<u>5,923,000</u>
7	GROSS APPROPRIATION..... \$	48,301,900
8	Federal revenues:	
9	Total federal revenues.....	29,686,400
10	Special revenue funds:	
11	Total private revenues.....	190,000
12	Total other state restricted revenues.....	3,682,300
13	State general fund/general purpose..... \$	14,743,200
14	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE</b>	
15	<b>SERVICES PROGRAMS</b>	
16	Full-time equated classified positions.....9.5	
17	Medicaid mental health services..... \$	1,410,290,900
18	Community mental health non-Medicaid services.....	313,352,400
19	Medicaid adult benefits waiver.....	40,000,000
20	Multicultural services.....	3,663,800
21	Medicaid substance abuse services.....	28,732,300
22	Respite services.....	1,000,000
23	CMHSP, purchase of state services contracts.....	120,813,800
24	Civil service charges.....	1,765,500
25	Federal mental health block grant--2.5 FTE positions	15,326,600
26	State disability assistance program substance abuse	
27	services.....	2,509,800

1	Community substance abuse prevention, education and	
2	treatment programs.....	82,770,600
3	Children's waiver home care program.....	19,549,800
4	Omnibus reconciliation act implementation--7.0 FTE	
5	positions.....	<u>12,807,300</u>
6	GROSS APPROPRIATION.....	\$ 2,052,582,800
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues.....	943,538,300
10	Special revenue funds:	
11	Total local revenues.....	26,000,000
12	Total other state restricted revenues.....	6,542,400
13	State general fund/general purpose.....	\$ 1,076,502,100
14	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS</b>	
15	<b>FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND</b>	
16	<b>FORENSIC AND PRISON MENTAL HEALTH SERVICES</b>	
17	Total average population.....	1,102.0
18	Full-time equated classified positions.....	3,464.1
19	Caro regional mental health center-psychiatric	
20	hospital-adult--530.7 FTE positions.....	\$ 39,701,100
21	Average population.....	192.0
22	Kalamazoo psychiatric hospital-adult--501.4 FTE	
23	positions.....	35,972,800
24	Average population.....	184.0
25	Walter P. Reuther psychiatric hospital-adult--478.9	
26	FTE positions.....	40,897,700
27	Average population.....	242.0

1	Hawthorn center-psychiatric hospital-children and	
2	adolescents--227.2 FTE positions.....	19,040,200
3	Average population.....67.0	
4	Mount Pleasant center-developmental	
5	disabilities--515.3 FTE positions.....	35,170,900
6	Average population.....192.0	
7	Center for forensic psychiatry--495.0 FTE positions.	44,735,900
8	Average population.....225.0	
9	Forensic mental health services provided to the	
10	department of corrections--704.6 FTE positions....	69,194,200
11	Revenue recapture.....	750,000
12	IDEA, federal special education.....	120,000
13	Special maintenance and equipment.....	335,300
14	Purchase of medical services for residents of	
15	hospitals and centers.....	1,358,200
16	Closed site, transition, and related costs--11.0 FTE	
17	positions.....	601,000
18	Severance pay.....	216,900
19	Gifts and bequests for patient living and treatment	
20	environment.....	<u>1,000,000</u>
21	GROSS APPROPRIATION..... \$	289,094,200
22	Appropriated from:	
23	Interdepartmental grant revenues:	
24	Interdepartmental grant from the department of	
25	corrections.....	69,194,100
26	Federal revenues:	
27	Total federal revenues.....	32,256,900

1	Special revenue funds:	
2	CMHSP, purchase of state services contracts.....	120,813,800
3	Other local revenues.....	13,853,600
4	Total private revenues.....	1,000,000
5	Total other state restricted revenues.....	8,426,600
6	State general fund/general purpose..... \$	43,549,200
7	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
8	Full-time equated classified positions.....83.4	
9	Executive administration--11.0 FTE positions..... \$	1,667,900
10	Minority health grants and contracts.....	650,000
11	Vital records and health statistics--72.4 FTE	
12	positions.....	<u>6,959,300</u>
13	GROSS APPROPRIATION..... \$	9,277,200
14	Appropriated from:	
15	Interdepartmental grant revenues:	
16	Interdepartmental grant from family independence	
17	agency.....	689,100
18	Federal revenues:	
19	Total federal revenues.....	2,479,400
20	Special revenue funds:	
21	Total other state restricted revenues.....	4,658,900
22	State general fund/general purpose..... \$	1,449,800
23	<b>Sec. 107. HEALTH REGULATORY SYSTEMS</b>	
24	Full-time equated classified positions.....334.0	
25	Health systems administration--184.0 FTE positions.. \$	18,266,900
26	Emergency medical services program state staff--5.0	
27	FTE positions.....	940,600

1	Radiological health administration--25.0 FTE	
2	positions.....	2,191,400
3	Substance abuse program administration--4.0 FTE	
4	positions.....	414,100
5	Emergency medical services grants and services.....	1,046,200
6	Health services--116.0 FTE positions.....	<u>14,762,800</u>
7	GROSS APPROPRIATION..... \$	37,622,000
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	13,481,800
11	Special revenue funds:	
12	Total other state restricted revenues.....	18,749,400
13	State general fund/general purpose..... \$	5,390,800
14	<b>Sec. 108. INFECTIOUS DISEASE CONTROL</b>	
15	Full-time equated classified positions.....49.0	
16	AIDS prevention, testing, and care programs--12.0	
17	FTE positions..... \$	29,722,900
18	Immunization local agreements.....	13,990,300
19	Immunization program management and field	
20	support--14.0 FTE positions.....	1,670,400
21	Sexually transmitted disease control local	
22	agreements.....	3,494,900
23	Sexually transmitted disease control management and	
24	field support--23.0 FTE positions.....	<u>3,482,600</u>
25	GROSS APPROPRIATION..... \$	52,361,100
26	Appropriated from:	
27	Federal revenues:	



1	Total federal revenues.....	37,839,500
2	Special revenue funds:	
3	Total private revenues.....	2,155,700
4	Total other state restricted revenues.....	7,728,600
5	State general fund/general purpose..... \$	4,637,300
6	<b>Sec. 109. LABORATORY SERVICES</b>	
7	Full-time equated classified positions.....115.0	
8	Bovine tuberculosis..... \$	500,000
9	Laboratory services--115.0 FTE positions.....	<u>14,380,400</u>
10	GROSS APPROPRIATION..... \$	14,880,400
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Interdepartmental grant from environmental quality..	406,000
14	Federal revenues:	
15	Total federal revenues.....	2,819,900
16	Special revenue funds:	
17	Total other state restricted revenues.....	4,785,800
18	State general fund/general purpose..... \$	6,868,700
19	<b>Sec. 110. EPIDEMIOLOGY</b>	
20	Full-time equated classified positions.....104.0	
21	AIDS surveillance and prevention program..... \$	1,887,800
22	Asthma prevention and control.....	1,036,800
23	Bioterrorism preparedness--64.5 FTE positions.....	51,902,200
24	Epidemiology administration--39.5 FTE positions.....	6,238,900
25	Newborn screening administration, follow-up.....	3,307,200
26	Tuberculosis control and recalcitrant AIDS program..	<u>867,000</u>
27	GROSS APPROPRIATION..... \$	65,239,900

1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues.....	59,642,500
4	Special revenue funds:	
5	Total private revenues.....	77,500
6	Total other state restricted revenues.....	3,493,500
7	State general fund/general purpose..... \$	2,026,400
8	<b>Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
9	Full-time equated classified positions.....7.0	
10	Implementation of 1993 PA 133, MCL 333.17015..... \$	100,000
11	Lead abatement program--7.0 FTE positions.....	1,728,400
12	Local health services.....	220,000
13	Local public health operations.....	40,618,400
14	Medical services cost reimbursement to local health	
15	departments.....	<u>1,800,000</u>
16	GROSS APPROPRIATION..... \$	44,466,800
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	3,291,000
20	Special revenue funds:	
21	Total other state restricted revenues.....	480,900
22	State general fund/general purpose..... \$	40,694,900
23	<b>Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION</b>	
24	<b>AND HEALTH PROMOTION</b>	
25	Full-time equated classified positions.....45.8	
26	African-American male health initiative..... \$	106,700
27	AIDS and risk reduction clearinghouse and media	

1	campaign.....	1,576,000
2	Alzheimer's information network.....	440,000
3	Cancer prevention and control program--14.3 FTE	
4	positions.....	13,243,800
5	Chronic disease prevention.....	2,286,100
6	Diabetes and kidney program--9.1 FTE positions.....	3,071,900
7	Health education, promotion, and research	
8	programs--9.3 FTE positions.....	1,018,100
9	Injury control intervention project.....	520,100
10	Morris Hood Wayne State University diabetes outreach	250,000
11	Physical fitness, nutrition, and health.....	100,000
12	Public health traffic safety coordination.....	564,500
13	Smoking prevention program--13.1 FTE positions.....	4,914,600
14	Tobacco tax collection and enforcement.....	810,000
15	Violence prevention.....	<u>1,779,600</u>
16	GROSS APPROPRIATION..... \$	30,681,400
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	18,440,700
20	Special revenue funds:	
21	Total other state restricted revenues.....	10,010,500
22	State general fund/general purpose..... \$	2,230,200
23	<b>Sec. 113. COMMUNITY LIVING, CHILDREN, AND</b>	
24	<b>FAMILIES</b>	
25	Full-time equated classified positions.....45.4	
26	Childhood lead program--5.8 FTE positions..... \$	1,492,600
27	Community living, children, and families	

1	administration--39.6 FTE positions.....	4,581,200
2	Dental programs.....	485,400
3	Dental program for persons with developmental	
4	disabilities.....	151,000
5	Early childhood collaborative secondary prevention..	524,000
6	Family planning local agreements.....	12,270,300
7	Local MCH services.....	7,264,200
8	Migrant health care.....	272,200
9	Pediatric AIDS prevention and control.....	1,176,800
10	Pregnancy prevention program.....	5,846,100
11	Prenatal care outreach and service delivery support.	3,049,300
12	School health and education programs.....	500,000
13	Special projects.....	5,213,400
14	Sudden infant death syndrome program.....	<u>321,300</u>
15	GROSS APPROPRIATION..... \$	43,147,800
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues.....	31,525,500
19	Special revenue funds:	
20	Total other state restricted revenues.....	6,064,000
21	State general fund/general purpose..... \$	5,558,300
22	<b>Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND</b>	
23	<b>NUTRITION PROGRAMS</b>	
24	Full-time equated classified positions.....41.0	
25	Women, infants, and children program administration	
26	and special projects--41.0 FTE positions..... \$	5,702,700
27	Women, infants, and children program local	

1	agreements and food costs.....		<u>181,392,100</u>
2	GROSS APPROPRIATION.....	\$	187,094,800
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		136,747,500
6	Special revenue funds:		
7	Total private revenues.....		50,347,300
8	State general fund/general purpose.....	\$	0
9	<b>Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>		
10	Full-time equated classified positions.....	47.7	
11	Children's special health care services		
12	administration--47.7 FTE positions.....	\$	4,319,700
13	Amputee program.....		184,600
14	Bequests for care and services.....		1,754,600
15	Case management services.....		3,773,500
16	Conveyor contract.....		513,500
17	Medical care and treatment.....		<u>146,833,200</u>
18	GROSS APPROPRIATION.....	\$	157,379,100
19	Appropriated from:		
20	Federal revenues:		
21	Total federal revenues.....		75,342,700
22	Special revenue funds:		
23	Total private revenues.....		1,000,000
24	Total other state restricted revenues.....		650,000
25	State general fund/general purpose.....	\$	80,386,400
26	<b>Sec. 116. OFFICE OF DRUG CONTROL POLICY</b>		
27	Full-time equated classified positions.....	16.0	

1	Drug control policy--16.0 FTE positions.....	\$	2,040,800
2	Anti-drug abuse grants.....		26,859,200
3	Interdepartmental grant to judiciary for drug		
4	treatment courts.....		<u>1,800,000</u>
5	GROSS APPROPRIATION.....	\$	30,700,000
6	Appropriated from:		
7	Federal revenues:		
8	Total federal revenues.....		30,334,200
9	State general fund/general purpose.....	\$	365,800
10	<b>Sec. 117. CRIME VICTIM SERVICES COMMISSION</b>		
11	Full-time equated classified positions.....	9.0	
12	Grants administration services--9.0 FTE positions...	\$	1,137,200
13	Justice assistance grants.....		13,000,000
14	Crime victim rights services grants.....		<u>8,985,300</u>
15	GROSS APPROPRIATION.....	\$	23,122,500
16	Appropriated from:		
17	Federal revenues:		
18	Total federal revenues.....		13,954,600
19	Special revenue funds:		
20	Total other state restricted revenues.....		9,130,000
21	State general fund/general purpose.....	\$	37,900
22	<b>Sec. 118. OFFICE OF SERVICES TO THE AGING</b>		
23	Full-time equated classified positions.....	36.5	
24	Commission (per diem \$50.00).....	\$	10,500
25	Office of services to aging administration--36.5 FTE		
26	positions.....		4,952,400
27	Community services.....		34,904,200

1	Nutrition services.....	37,290,500
2	Senior volunteer services.....	5,645,900
3	Senior citizen centers staffing and equipment.....	1,068,700
4	Employment assistance.....	2,818,300
5	Respite care program.....	<u>7,600,000</u>
6	GROSS APPROPRIATION..... \$	94,290,500
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues.....	51,538,500
10	Special revenue funds:	
11	Total private revenues.....	20,000
12	Tobacco settlement revenue.....	5,000,000
13	Total other state restricted revenues.....	2,767,000
14	State general fund/general purpose..... \$	34,965,000
15	<b>Sec. 119. MEDICAL SERVICES ADMINISTRATION</b>	
16	Full-time equated classified positions.....322.7	
17	Medical services administration--322.7 FTE positions \$	47,955,900
18	Facility inspection contract - state police.....	132,800
19	MIChild administration.....	<u>4,327,800</u>
20	GROSS APPROPRIATION..... \$	52,416,500
21	Appropriated from:	
22	Federal revenues:	
23	Total federal revenues.....	34,877,400
24	Special revenue funds:	
25	State general fund/general purpose..... \$	17,539,100
26	<b>Sec. 120. MEDICAL SERVICES</b>	
27	Hospital services and therapy..... \$	918,480,400

1	Hospital disproportionate share payments.....	45,000,000
2	Physician services.....	228,152,800
3	Medicare premium payments.....	218,589,800
4	Pharmaceutical services.....	639,270,300
5	Home health services.....	46,188,300
6	Transportation.....	8,538,300
7	Auxiliary medical services.....	110,774,300
8	Ambulance services.....	11,000,000
9	Long-term care services.....	1,677,206,800
10	Elder prescription insurance coverage.....	25,500,000
11	Health plan services.....	1,762,609,000
12	MIChild program.....	36,875,600
13	Medicaid adult benefits waiver.....	165,394,600
14	Maternal and child health.....	9,234,500
15	Social services to the physically disabled.....	1,344,900
16	Medical expenses recoupment.....	(16,170,000)
17	Subtotal basic medical services program.....	5,887,989,600
18	School-based services.....	63,609,100
19	Special adjustor payments.....	478,651,700
20	Subtotal special medical services payments.....	<u>542,260,800</u>
21	GROSS APPROPRIATION.....	\$ 6,430,250,400
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues.....	3,716,590,800
25	Special revenue funds:	
26	Total local revenues.....	295,429,100
27	Tobacco settlement revenue.....	156,700,000



1	Total other state restricted revenues.....	665,015,900
2	State general fund/general purpose..... \$	1,596,514,600
3	<b>Sec. 121. INFORMATION TECHNOLOGY</b>	
4	Information technology services and projects..... \$	<u>31,053,600</u>
5	GROSS APPROPRIATION..... \$	31,053,600
6	Appropriated from:	
7	Interdepartmental grant revenues:	
8	Interdepartmental grant from the department of	
9	corrections.....	146,800
10	Federal revenues:	
11	Total federal revenues.....	17,816,000
12	Special revenue funds:	
13	Total other state restricted revenues.....	2,570,300
14	State general fund/general purpose..... \$	10,520,500

15 PART 2

16 PROVISIONS CONCERNING APPROPRIATIONS

17 **GENERAL SECTIONS**

18 Sec. 201. Pursuant to section 30 of article IX of the state

19 constitution of 1963, total state spending from state resources under

20 part 1 for fiscal year 2004-2005 is \$3,894,552,800.00 and state

21 spending from state resources to be paid to units of local government

22 for fiscal year 2004-2005 is \$1,060,642,600.00. The itemized

23 statement below identifies appropriations from which spending to units

24 of local government will occur:

25 DEPARTMENT OF COMMUNITY HEALTH

1	DEPARTMENTWIDE ADMINISTRATION		
2	Departmental administration and management.....	\$	11,087,100
3	Rural health services.....		35,000
4	MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION		
5	AND SPECIAL PROJECTS		
6	Mental health initiatives for older persons.....		1,049,200
7	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES		
8	PROGRAMS		
9	State disability assistance program substance abuse		
10	services.....		2,509,800
11	Community substance abuse prevention, education, and		
12	treatment programs.....		21,355,700
13	Medicaid mental health services.....		605,639,200
14	Community mental health non-Medicaid services.....		313,352,400
15	Multicultural services.....		3,663,800
16	Medicaid substance abuse services.....		12,441,200
17	Respite services.....		1,000,000
18	INFECTIOUS DISEASE CONTROL		
19	AIDS prevention, testing and care programs.....		2,031,100
20	Immunization local agreements.....		2,973,900
21	Sexually transmitted disease control local		
22	agreements.....		406,100
23	LOCAL HEALTH ADMINISTRATION AND GRANTS		
24	Local public health operations.....		40,618,400
25	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH		
26	PROMOTION		
27	Smoking prevention program.....		1,960,300

1	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
2	Childhood lead program.....	106,900
3	Family planning local agreements.....	2,094,400
4	Local MCH services.....	246,100
5	Omnibus budget reconciliation act implementation....	2,030,800
6	Prenatal care outreach and service delivery support..	610,000
7	School health and education programs.....	500,000
8	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
9	Case management services.....	3,169,900
10	MEDICAL SERVICES	
11	Transportation.....	1,175,300
12	OFFICE OF SERVICES TO THE AGING	
13	Community services.....	12,148,400
14	Nutrition services.....	11,538,800
15	Senior volunteer services.....	517,500
16	CRIME VICTIM SERVICES COMMISSION	
17	Crime victim rights services grants.....	<u>6,381,300</u>
18	TOTAL OF PAYMENTS TO LOCAL UNITS	
19	OF GOVERNMENT.....	\$ 1,060,642,600
20	Sec. 202. (1) The appropriations authorized under this act are	
21	subject to the management and budget act, 1984 PA 431, MCL 18.1101 to	
22	18.1594.	
23	(2) Funds for which the state is acting as the custodian or agent	
24	are not subject to annual appropriation.	
25	Sec. 203. As used in this act:	
26	(a) "AIDS" means acquired immunodeficiency syndrome.	
27	(b) "CMHSP" means a community mental health services program as	

1 that term is defined in section 100a of the mental health code, 1974  
2 PA 258, MCL 330.1100a.

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

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

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

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

9 (g) "EPSDT" means early and periodic screening, diagnosis, and  
10 treatment.

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

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

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

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

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

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

20 (n) "IDG" means interdepartmental grant.

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

22 (p) "MICHild" means the program described in section 1670.

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

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

26 (s) "Title XVIII" means title XVIII of the social security act,  
27 42 USC 1395 to 1395ggg.

1           (t) "Title XIX" means title XIX of the social security act,  
2 42 USC 1396 to 1396v.

3           (u) "Title XX" means title XX of the social security act,  
4 49 USC 1397 to 1397f.

5           (v) "WIC" means women, infants, and children supplemental nutrition  
6 program.

7           Sec. 204. The department of civil service shall bill the  
8 department at the end of the first fiscal quarter for the 1% charge  
9 authorized by section 5 of article XI of the state constitution of  
10 1963. Payments shall be made for the total amount of the billing by  
11 the end of the second fiscal quarter.

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

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

1 and the reasons to justify the exception.

2       Sec. 208. Unless otherwise specified, the department shall use  
3 the Internet to fulfill the reporting requirements of this act. This  
4 requirement may include transmission of reports via electronic mail to  
5 the recipients identified for each reporting requirement or it may  
6 include placement of reports on the Internet or Intranet site.

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

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

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

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

26       (a) Maternal and child health block grant..... \$       21,714,000  
27       (b) Preventive health and health services block

1	grant.....	4,982,500
2	(c) Substance abuse block grant.....	59,260,700
3	(d) Healthy Michigan fund.....	81,689,500
4	(e) Michigan health initiative.....	9,834,100

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

11       (3) Upon the release of the fiscal year 2005-2006 executive budget  
12 recommendation, the department shall report to the same parties in  
13 subsection (2) on the amounts and detailed sources of federal,  
14 restricted, private, and local revenue proposed to support the total  
15 funds appropriated in each of the line items in part 1 of the fiscal  
16 year 2005-2006 executive budget proposal.

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

20       Sec. 213. The state departments, agencies, and commissions  
21 receiving tobacco tax funds from part 1 shall report by January 1,  
22 2005, to the senate and house of representatives appropriations  
23 committees, the senate and house fiscal agencies, and the state budget  
24 director on the following:

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

27       (b) Description of allocations or bid processes including need or

1 demand indicators used to determine allocations.

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

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

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

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

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

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

25 (3) The department shall report by March 15, 2005 to the house of  
26 representatives and senate appropriations subcommittees on community  
27 health on all reimbursements, refunds, adjustments, and settlements



1 from prior years.

2       Sec. 218. Basic health services for the purpose of part 23 of  
3 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:  
4 immunizations, communicable disease control, sexually transmitted  
5 disease control, tuberculosis control, prevention of gonorrhea eye  
6 infection in newborns, screening newborns for the 8 conditions listed  
7 in section 5431(1)(a) through (h) of the public health code, 1978  
8 PA 368, MCL 333.5431, community health annex of the Michigan emergency  
9 management plan, and prenatal care.

10       Sec. 219. (1) The department may contract with the Michigan  
11 public health institute for the design and implementation of projects  
12 and for other public health related activities prescribed in section  
13 2611 of the public health code, 1978 PA 368, MCL 333.2611. The  
14 department may develop a master agreement with the institute to carry  
15 out these purposes for up to a 3-year period. The department shall  
16 report to the house of representatives and senate appropriations  
17 subcommittees on community health, the house and senate fiscal  
18 agencies, and the state budget director on or before November 1, 2004  
19 and May 1, 2005 all of the following:

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

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

24       (c) The expected project duration.

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

27       (2) If a report required under subsection (1) is not received by

1 the house of representatives and senate appropriations subcommittees  
2 on community health, the house and senate fiscal agencies, and the  
3 state budget director on or before the date specified for that report,  
4 the disbursement of funds to the Michigan public health institute  
5 under this section shall stop. The disbursement of those funds shall  
6 recommence when the overdue report is received.

7 (3) On or before September 30, 2005, the department shall provide  
8 to the same parties listed in subsection (1) a copy of all reports,  
9 studies, and publications produced by the Michigan public health  
10 institute, its subcontractors, or the department with the funds  
11 appropriated in part 1 and allocated to the Michigan public health  
12 institute.

13 Sec. 220. All contracts with the Michigan public health  
14 institute funded with appropriations in part 1 shall include a  
15 requirement that the Michigan public health institute submit to  
16 financial and performance audits by the state auditor general of  
17 projects funded with state appropriations.

18 Sec. 223. The department of community health may establish and  
19 collect fees for publications, videos and related materials,  
20 conferences, and workshops. Collected fees shall be used to offset  
21 expenditures to pay for printing and mailing costs of the  
22 publications, videos and related materials, and costs of the workshops  
23 and conferences. The costs shall not exceed fees collected.

24 Sec. 259. From the funds appropriated in part 1 for information  
25 technology, the department shall pay user fees to the department of  
26 information technology for technology-related services and projects.  
27 Such user fees shall be subject to provisions of an interagency

1 agreement between the department and the department of information  
2 technology.

3       Sec. 260. Amounts appropriated in part 1 for information  
4 technology may be designated as work projects and carried forward to  
5 support technology projects under the direction of the department of  
6 information technology. Funds designated in this manner are not  
7 available for expenditure until approved as work projects under  
8 section 451a of the management and budget act, 1984 PA 431,  
9 MCL 18.1451a.

10       Sec. 262. (1) The department shall provide the members of the  
11 house of representatives and senate appropriations subcommittees on  
12 community health and the house and senate fiscal agencies with a  
13 written explanation for all legislative transfers upon submission of  
14 the request for legislative transfer by the department of management  
15 and budget. The explanation should include reasons for not fully  
16 expending appropriated funds which shall include references to  
17 boilerplate language expressing intent for program implementation, if  
18 applicable, and transfers requested for work projects.

19       (2) The department shall provide an annual report of lapses by  
20 line item for this appropriation act.

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. 266. (1) The department shall not spend any of the funds  
4 appropriated in part 1 for travel outside the state of Michigan.

5 (2) From the funds appropriated in part 1, the department shall  
6 spend on travel in fiscal year 2004-2005 no more than 50% of the  
7 amount spent on travel in fiscal year 2003-2004.

## 8 **DEPARTMENTWIDE ADMINISTRATION**

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

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

18 Sec. 304. The funds appropriated in part 1 for the Michigan  
19 essential health care provider program may also provide loan repayment  
20 for dentists that fit the criteria established by part 27 of the  
21 public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

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

25 Sec. 307. From the funds appropriated in part 1 for primary care  
26 services, an amount not to exceed \$2,798,900.00 is appropriated to

1 enhance the service capacity of the federally qualified health centers  
2 and other health centers which are similar to federally qualified  
3 health centers.

4 Sec. 313. By November 1, 2004, the department shall report to  
5 the house of representatives and senate appropriations subcommittees  
6 on community health, the house and senate fiscal agencies, and the  
7 state budget director on activities undertaken by the department to  
8 address compulsive gambling.

9 **MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION**

10 **AND SPECIAL PROJECTS**

11 Sec. 350. The department may enter into a contract with the  
12 protection and advocacy service, authorized under section 931 of the  
13 mental health code, 1974 PA 258, MCL 330.1931, or a similar  
14 organization to provide legal services for purposes of gaining and  
15 maintaining occupancy in a community living arrangement which is under  
16 lease or contract with the department or a community mental health  
17 services program to provide services to persons with mental illness or  
18 developmental disability.

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

20 **PROGRAMS**

21 Sec. 401. Funds appropriated in part 1 are intended to support a  
22 system of comprehensive community mental health services under the  
23 full authority and responsibility of local CMHSPs or specialty prepaid  
24 health plans. The department shall ensure that each CMHSP or  
25 specialty prepaid health plan provides all of the following:

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

2 (b) A complete array of mental health services which shall  
3 include, but shall not be limited to, all of the following services:  
4 residential and other individualized living arrangements, outpatient  
5 services, acute inpatient services, and long-term, 24-hour inpatient  
6 care in a structured, secure environment.

7 (c) The coordination of inpatient and outpatient hospital services  
8 through agreements with state-operated psychiatric hospitals, units,  
9 and centers in facilities owned or leased by the state, and  
10 privately-owned hospitals, units, and centers licensed by the state  
11 pursuant to sections 134 through 149b of the mental health code, 1974  
12 PA 258, MCL 330.1134 to 330.1149b.

13 (d) Individualized plans of service that are sufficient to meet  
14 the needs of individuals, including those discharged from psychiatric  
15 hospitals or centers, and that ensure the full range of recipient  
16 needs is addressed through the CMHSP's or specialty prepaid health  
17 plan's program or through assistance with locating and obtaining  
18 services to meet these needs.

19 (e) A system of case management to monitor and ensure the  
20 provision of services consistent with the individualized plan of  
21 services or supports.

22 (f) A system of continuous quality improvement.

23 (g) A system to monitor and evaluate the mental health services  
24 provided.

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

1       Sec. 402. (1) From funds appropriated in part 1, final  
2 authorizations to CMHSPs or specialty prepaid health plans shall be  
3 made upon the execution of contracts between the department and CMHSPs  
4 or specialty prepaid health plans. The contracts shall contain an  
5 approved plan and budget as well as policies and procedures governing  
6 the obligations and responsibilities of both parties to the  
7 contracts. Each contract with a CMHSP or specialty prepaid health  
8 plan that the department is authorized to enter into under this  
9 subsection shall include a provision that the contract is not valid  
10 unless the total dollar obligation for all of the contracts between  
11 the department and the CMHSPs or specialty prepaid health plans  
12 entered into under this subsection for fiscal year 2004-2005 does not  
13 exceed the amount of money appropriated in part 1 for the contracts  
14 authorized under this subsection.

15       (2) The department shall immediately report to the senate and  
16 house of representatives appropriations subcommittees on community  
17 health, the senate and house fiscal agencies, and the state budget  
18 director if either of the following occurs:

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

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

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

26       Sec. 403. From the funds appropriated in part 1 for  
27 multicultural services, the department shall ensure that CMHSPs or

1 specialty prepaid health plans continue contracts with multicultural  
2 services providers.

3       Sec. 404. (1) Not later than May 31 of each fiscal year, the  
4 department shall provide a report on the community mental health  
5 services programs to the members of the house of representatives and  
6 senate appropriations subcommittees on community health, the house and  
7 senate fiscal agencies, and the state budget director that includes  
8 the information required by this section.

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

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

15       (b) When the encounter data is available, a breakdown of clients  
16 served, by diagnosis. As used in this subdivision, "diagnosis" means  
17 a recipient's primary diagnosis, stated as a specifically named mental  
18 illness, emotional disorder, or developmental disability corresponding  
19 to terminology employed in the latest edition of the American  
20 psychiatric association's diagnostic and statistical manual.

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

22       (d) Financial information which, minimally, shall include a  
23 description of funding authorized; expenditures by client group and  
24 fund source; and cost information by service category, including  
25 administration. Service category shall include all department  
26 approved services.

27       (e) Data describing service outcomes which shall include, but not



1 be limited to, an evaluation of consumer satisfaction, consumer  
2 choice, and quality of life concerns including, but not limited to,  
3 housing and employment.

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

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

7 (ii) The number of people who requested services but did not  
8 receive services.

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

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

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

15 (h) An analysis of information provided by community mental health  
16 service programs in response to the needs assessment requirements of  
17 the mental health code, including information about the number of  
18 persons in the service delivery system who have requested and are  
19 clinically appropriate for different services.

20 (i) An estimate of the number of FTEs employed by the CMHSPs or  
21 specialty prepaid health plans or contracted with directly by the  
22 CMHSPs or specialty prepaid health plans as of September 30, 2004 and  
23 an estimate of the number of FTEs employed through contracts with  
24 provider organizations as of September 30, 2004.

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

27 (k) Contracts for mental health services entered into by CMHSPs or

1 specialty prepaid health plans with providers, including amount and  
2 rates, organized by type of service provided.

3 (1) Information on the community mental health Medicaid managed  
4 care program, including, but not limited to, both of the following:

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

8 (ii) Performance indicator information required to be submitted to  
9 the department in the contracts with CMHSPs or specialty prepaid  
10 health plans.

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

14 (4) The department shall take all reasonable actions to ensure  
15 that the data required are complete and consistent among all CMHSPs or  
16 specialty prepaid health plans.

17 Sec. 405. It is the intent of the legislature that the employee  
18 wage pass-through funded in previous years to the community mental  
19 health services programs for direct care workers in local residential  
20 settings and for paraprofessional and other nonprofessional direct  
21 care workers in day programs, supported employment, and other  
22 vocational programs shall continue to be paid to direct care workers.

23 Sec. 406. (1) The funds appropriated in part 1 for the state  
24 disability assistance substance abuse services program shall be used  
25 to support per diem room and board payments in substance abuse  
26 residential facilities. Eligibility of clients for the state  
27 disability assistance substance abuse services program shall include

1 needy persons 18 years of age or older, or emancipated minors, who  
2 reside in a substance abuse treatment center.

3 (2) The department shall reimburse all licensed substance abuse  
4 programs eligible to participate in the program at a rate equivalent  
5 to that paid by the family independence agency to adult foster care  
6 providers. Programs accredited by department-approved accrediting  
7 organizations shall be reimbursed at the personal care rate, while all  
8 other eligible programs shall be reimbursed at the domiciliary care  
9 rate.

10 Sec. 407. (1) The amount appropriated in part 1 for substance  
11 abuse prevention, education, and treatment grants shall be expended  
12 for contracting with coordinating agencies or designated service  
13 providers. It is the intent of the legislature that the coordinating  
14 agencies and designated service providers work with the CMHSPs or  
15 specialty prepaid health plans to coordinate the care and services  
16 provided to individuals with both mental illness and substance abuse  
17 diagnoses.

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

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

1 (a) Expenditures stratified by coordinating agency, by central  
2 diagnosis and referral agency, by fund source, by subcontractor, by  
3 population served, and by service type. Additionally, data on  
4 administrative expenditures by coordinating agency and by  
5 subcontractor shall be reported.

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

8 (c) Number of services provided by central diagnosis and referral  
9 agency, by subcontractor, and by service type. Additionally, data on  
10 length of stay, referral source, and participation in other state  
11 programs.

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

15 (2) The department shall take all reasonable actions to ensure  
16 that the required data reported are complete and consistent among all  
17 coordinating agencies.

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

21 Sec. 410. The department shall assure that substance abuse  
22 treatment is provided to applicants and recipients of public  
23 assistance through the family independence agency who are required to  
24 obtain substance abuse treatment as a condition of eligibility for  
25 public assistance.

26 Sec. 411. (1) The department shall ensure that each contract  
27 with a CMHSP or specialty prepaid health plan requires the CMHSP or

1 specialty prepaid health plan to implement programs to encourage  
2 diversion of persons with serious mental illness, serious emotional  
3 disturbance, or developmental disability from possible jail  
4 incarceration when appropriate.

5 (2) Each CMHSP or specialty prepaid health plan shall have jail  
6 diversion services and shall work toward establishing working  
7 relationships with representative staff of local law enforcement  
8 agencies, including county prosecutors' offices, county sheriffs'  
9 offices, county jails, municipal police agencies, municipal detention  
10 facilities, and the courts. Written interagency agreements describing  
11 what services each participating agency is prepared to commit to the  
12 local jail diversion effort and the procedures to be used by local law  
13 enforcement agencies to access mental health jail diversion services  
14 are strongly encouraged.

15 Sec. 412. The department shall contract directly with the  
16 Salvation Army harbor light program to provide non-Medicaid substance  
17 abuse services at not less than the amount contracted for in fiscal  
18 year 2003-2004.

19 Sec. 414. Medicaid substance abuse treatment services shall be  
20 managed by selected CMHSPs or specialty prepaid health plans pursuant  
21 to the centers for Medicare and Medicaid services' approval of  
22 Michigan's 1915(b) waiver request to implement a managed care plan for  
23 specialized substance abuse services. The selected CMHSPs or  
24 specialty prepaid health plans shall receive a capitated payment on a  
25 per eligible per month basis to assure provision of medically  
26 necessary substance abuse services to all beneficiaries who require  
27 those services. The selected CMHSPs or specialty prepaid health plans

1 shall be responsible for the reimbursement of claims for specialized  
2 substance abuse services. The CMHSPs or specialty prepaid health  
3 plans that are not coordinating agencies may continue to contract with  
4 a coordinating agency. Any alternative arrangement must be based on  
5 client service needs and have prior approval from the department.

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

18       Sec. 423. The department shall work cooperatively with the  
19 family independence agency and the departments of corrections,  
20 education, state police, and military and veterans affairs to  
21 coordinate and improve the delivery of substance abuse prevention,  
22 education, and treatment programs within existing appropriations. The  
23 department shall report by March 15, 2005 on the outcomes of this  
24 cooperative effort to the house of representatives and senate  
25 appropriations subcommittees on community health, the house and senate  
26 fiscal agencies, and the state budget director.

27       Sec. 424. Each community mental health services program or

1 specialty prepaid health plan that contracts with the department to  
2 provide services to the Medicaid population shall adhere to the  
3 following timely claims processing and payment procedure for claims  
4 submitted by health professionals and facilities:

5 (a) A "clean claim" as described in section 111i of the social  
6 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days  
7 after receipt of the claim by the community mental health services  
8 program or specialty prepaid health plan. A clean claim that is not  
9 paid within this time frame shall bear simple interest at a rate of  
10 12% per annum.

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

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

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) It is the intent of the legislature that the  
13      department, in conjunction with CMHSPs, support pilot projects that  
14      facilitate the movement of adults with mental illness from state  
15      psychiatric hospitals to community 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



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to prevent the need for hospitalization.

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

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

Sec. 450. The department shall take into consideration the recommendations of the work group established in section 450 of 2003 PA 159.

Sec. 451. The department shall request a waiver of 42 CFR part 438.6(c)(3) from the centers for Medicare and Medicaid services to obtain approval to implement actuarially sound capitation rates for Medicaid mental health and substance abuse services provided by CMHSPs over 2 years.

Sec. 452. Unless otherwise authorized by law, the department shall not implement retroactively any policy that would lead to a negative financial impact on community mental health services programs or prepaid inpatient health plans.

Sec. 453. << By December 1, 2004, the>> department shall share with the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies the findings of their federal substance abuse block grant work group.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH  
DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON

1 MENTAL HEALTH SERVICES

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

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

13       Sec. 602. Unexpended and unencumbered amounts and accompanying  
14 expenditure authorizations up to \$500,000.00 remaining on  
15 September 30, 2005 from pay telephone revenues and the amounts  
16 appropriated in part 1 for gifts and bequests for patient living and  
17 treatment environments shall be carried forward for 1 fiscal year.  
18 The purpose of gifts and bequests for patient living and treatment  
19 environments is to use additional private funds to provide specific  
20 enhancements for individuals residing at state-operated facilities.  
21 Use of the gifts and bequests shall be consistent with the stipulation  
22 of the donor. The expected completion date for the use of gifts and  
23 bequests donations is within 3 years unless otherwise stipulated by  
24 the donor.

25       Sec. 603. The funds appropriated in part 1 for forensic mental  
26 health services provided to the department of corrections are in  
27 accordance with the interdepartmental plan developed in cooperation

1 with the department of corrections. The department is authorized to  
2 receive and expend funds from the department of corrections in  
3 addition to the appropriations in part 1 to fulfill the obligations  
4 outlined in the interdepartmental agreements.

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

8 (a) The number of days of care purchased from state hospitals and  
9 centers.

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

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

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

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

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

25 (2) All closures or consolidations are dependent upon adequate  
26 department-approved CMHSP plans that include a discharge and aftercare  
27 plan for each person currently in the facility. A discharge and

1 aftercare plan shall address the person's housing needs. A homeless  
2 shelter or similar temporary shelter arrangements are inadequate to  
3 meet the person's housing needs.

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

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

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

### 23 BUREAU OF HEALTH SYSTEMS

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

1 conducted on all nursing homes in this state. The notification shall  
2 contain the location of the Internet site where the report is posted.  
3 The report shall include all of the following information:

4 (a) The number of surveys conducted.

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

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

8 (d) The number of citations per home.

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

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

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

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

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

17 Sec. 702. The department shall report by November 1 to the state  
18 budget office, the legislature, and the fiscal agencies the status of  
19 the nursing home complaint investigation backlog.

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

1       Sec. 704. The department shall continue to work with grantees  
2 supported through the appropriation in part 1 for emergency medical  
3 services grants and contracts to ensure that a sufficient number of  
4 qualified emergency medical services personnel exist to serve rural  
5 areas of the state.

6       Sec. 705. The department shall post on the Internet the  
7 executive summary of the latest inspection for each licensed nursing  
8 home.

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

13       Sec. 707. It is the intent of the legislature that the funds  
14 appropriated in part 1 for the nurse scholarship program, established  
15 in section 16315 of the public health code, 1978 PA 368, MCL  
16 333.16315, are used to increase the number of nurses practicing in  
17 Michigan. The board of nursing is encouraged to structure  
18 scholarships funded under this act in a manner that rewards recipients  
19 who intend to practice nursing in Michigan. In addition, it is the  
20 intent of the legislature that the department and the board of nursing  
21 work cooperatively with the Michigan higher education assistance  
22 authority to coordinate scholarship assistance with scholarships  
23 provided pursuant to the Michigan nursing scholarship act, 2002 PA  
24 591, MCL 390.1181 to 390.1189.

25       Sec. 708. Nursing facilities shall report in the quarterly staff  
26 report to the department, the total patient care hours provided each  
27 month, by state licensure and certification classification, and the

1 percentage of pool staff, by state licensure and certification  
2 classification, used each month during the preceding quarter. The  
3 department shall make available to the public, the quarterly staff  
4 report compiled for all facilities including the total patient care  
5 hours and the percentage of pool staff used, by classification.

#### 6 **INFECTIOUS DISEASE CONTROL**

7       Sec. 801. In the expenditure of funds appropriated in part 1 for  
8 AIDS programs, the department and its subcontractors shall ensure that  
9 adolescents receive priority for prevention, education, and outreach  
10 services.

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

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

#### 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  
26 reimburse local health departments for costs incurred related to

1 implementation of section 17015(18) of the public health code, 1978  
2 PA 368, MCL 333.17015.

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

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

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



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

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

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

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

15 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

16 **PROMOTION**

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

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

26 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. 1010. Contingent on the availability of state restricted  
21 healthy Michigan fund money or federal preventive health and health  
22 services block grant fund money, funds shall be appropriated for  
23 osteoporosis prevention and treatment education.

24 Sec. 1019. From the funds appropriated in part 1 for chronic  
25 disease prevention, \$50,000.00 shall be allocated for stroke  
26 prevention, education, and outreach. The objectives of the program  
27 shall include education to assist persons in identifying risk factors,

1 and education to assist persons in the early identification of the  
2 occurrence of a stroke in order to minimize stroke damage.

3       Sec. 1020. From the funds appropriated in part 1 for chronic  
4 disease prevention, \$105,000.00 shall be allocated for a childhood and  
5 adult arthritis program.

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

10       Sec. 1029. Contingent on the availability of state funds, funds  
11 shall be appropriated for programs related to Parkinson's disease.

12 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

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

20       Sec. 1104. Before April 1, 2005, the department shall submit a  
21 report to the house and senate fiscal agencies and the state budget  
22 director on planned allocations from the amounts appropriated in part  
23 1 for local MCH services, prenatal care outreach and service delivery  
24 support, family planning local agreements, and pregnancy prevention  
25 programs. Using applicable federal definitions, the report shall  
26 include information on all of the following:

1 (a) Funding allocations.

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

4 Sec. 1105. For all programs for which an appropriation is made  
5 in part 1, the department shall contract with those local agencies  
6 best able to serve clients. Factors to be used by the department in  
7 evaluating agencies under this section shall include ability to serve  
8 high-risk population groups; ability to serve low-income clients,  
9 where applicable; availability of, and access to, service sites;  
10 management efficiency; and ability to meet federal standards, when  
11 applicable.

12 Sec. 1106. Each family planning program receiving federal title  
13 X family planning funds shall be in compliance with all performance  
14 and quality assurance indicators that the United States bureau of  
15 community health services specifies in the family planning annual  
16 report. An agency not in compliance with the indicators shall not  
17 receive supplemental or reallocated funds.

18 Sec. 1106a. (1) Federal abstinence money expended in part 1 for  
19 the purpose of promoting abstinence education shall provide abstinence  
20 education to teenagers most likely to engage in high-risk behavior as  
21 their primary focus, and may include programs that include 9- to  
22 17-year-olds. Programs funded must meet all of the following  
23 guidelines:

24 (a) Teaches the gains to be realized by abstaining from sexual  
25 activity.

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

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

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

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

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

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

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

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

18 (3) Programs and organizations that meet the guidelines of  
19 subsection (1) and criteria of subsection (2) shall have the option of  
20 receiving all or part of their funds directly from the department of  
21 community health.

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

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

1       Sec. 1109. (1) Subject to subsection (3), from the amounts  
2 appropriated in part 1 for dental programs, funds shall be allocated  
3 to the Michigan dental association for the administration of a  
4 volunteer dental program that would provide dental services to the  
5 uninsured in an amount that is no less than the amount allocated to  
6 that program in fiscal year 1996-1997.

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

14       (3) As a condition to receiving the allocation of the funds  
15 described in subsection (1), and contingent on full restoration of  
16 coverage for Medicaid adult dental services, the Michigan dental  
17 association shall provide a report to the senate and house  
18 subcommittees on community health and the senate and house fiscal  
19 agencies documenting the Michigan dental association's efforts to  
20 increase its membership's participation as Medicaid providers. This  
21 report shall be provided no later than December 1, 2004.

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

27       Sec. 1111. The department shall allocate no less than 87% of the

1 funds appropriated in part 1 for family planning local agreements and  
2 the pregnancy prevention program for the direct provision of family  
3 planning/pregnancy prevention services.

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

8 Sec. 1124. (1) From the funds appropriated in part 1 from the  
9 federal maternal and child health block grant, \$450,000.00 shall be  
10 allocated if additional block grant funds are available for the  
11 statewide fetal infant mortality review network.

12 (2) It is the intent of the legislature that this project shall be  
13 funded with a like amount in fiscal year 2005-2006 should federal  
14 funds become available.

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

18 Sec. 1129. The department shall provide a report annually to the  
19 house of representatives and senate appropriations subcommittees on  
20 community health, the house and senate fiscal agencies, and the state  
21 budget director on the number of children with elevated blood lead  
22 levels from information available to the department. The report shall  
23 provide the information by county, shall include the level of blood  
24 lead reported, and shall indicate the sources of the information.

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

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

8       (a) The department of education.

9       (b) The department of community health.

10       (c) The health administration in the department of community  
11 health.

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

14       (e) The family independence agency.

15       (f) The department of state police.

16       (2) Upon written or oral request, a pupil not less than 18 years  
17 of age or a parent or legal guardian of a pupil less than 18 years of  
18 age, within a reasonable period of time after the request is made,  
19 shall be informed of the content of a course in the health education  
20 curriculum and may examine textbooks and other classroom materials  
21 that are provided to the pupil or materials that are presented to the  
22 pupil in the classroom. This subsection does not require a school  
23 board to permit pupil or parental examination of test questions and  
24 answers, scoring keys, or other examination instruments or data used  
25 to administer an academic examination.

26       Sec. 1136. Contingent on the availability of state funds, funds  
27 shall be appropriated for child advocacy centers.



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

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

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

8       Sec. 1201. Funds appropriated in part 1 for medical care and  
9 treatment of children with special health care needs shall be paid  
10 according to reimbursement policies determined by the Michigan medical  
11 services program. Exceptions to these policies may be taken with the  
12 prior approval of the state budget director.

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

14       (a) Provide special formula for eligible clients with specified  
15 metabolic and allergic disorders.

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

18       (c) Provide genetic diagnostic and counseling services for  
19 eligible families.

20       (d) Provide medical care and treatment to eligible patients with  
21 hereditary coagulation defects, commonly known as hemophilia, who are  
22 21 years of age or older.

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

**1 OFFICE OF DRUG CONTROL POLICY**

2       Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula  
3 grant program funding the department provides to local drug treatment  
4 courts, the department shall provide \$1,800,000.00 in Byrne formula  
5 grant program funding to the judiciary by interdepartmental grant.

**6 CRIME VICTIM SERVICES COMMISSION**

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

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

**19 OFFICE OF SERVICES TO THE AGING**

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

1       Sec. 1403. The office of services to the aging shall require  
2 each region to report to the office of services to the aging home  
3 delivered meals waiting lists based upon standard criteria.

4 Determining criteria shall include all of the following:

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

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

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

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

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

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

25       Sec. 1413. The legislature affirms the commitment to  
26 locally-based services. The legislature supports the role of local  
27 county board of commissioners in the approval of area agency on aging

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

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

## 16 **MEDICAL SERVICES**

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

22       Sec. 1602. Medical services shall be provided to elderly and  
23 disabled persons with incomes less than or equal to 100% of the  
24 official poverty line, pursuant to the state's option to elect such  
25 coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX,  
26 42 USC 1396a.

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

4       (2) The department may receive and expend premiums for the buy-in  
5 of medical coverage in addition to the amounts appropriated in part  
6 1.

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

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

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

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

22       Sec. 1607. (1) An applicant for Medicaid, whose qualifying  
23 condition is pregnancy, shall immediately be presumed to be eligible  
24 for Medicaid coverage unless the preponderance of evidence in her  
25 application indicates otherwise. The applicant who is qualified as  
26 described in this subsection shall be allowed to select or remain with  
27 the Medicaid participating obstetrician of her choice.

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

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

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

24           (5) The department shall develop an enrollment process for  
25 pregnant women covered under this section that facilitates the  
26 selection of a managed care plan at the time of application.

27           Sec. 1610. The department of community health shall provide an

1 administrative procedure for the review of cost report grievances by  
2 medical services providers with regard to reimbursement under the  
3 medical services program. Settlements of properly submitted cost  
4 reports shall be paid not later than 9 months from receipt of the  
5 final report.

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

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

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

27       Sec. 1620. (1) For fee-for-service recipients, the

1 pharmaceutical dispensing fee shall be \$2.50 or the pharmacy's usual  
2 or customary cash charge, whichever is less.

3 (2) For fee-for service recipients, payment for generic drugs  
4 shall be the lower of the average wholesale price minus 30% or the  
5 maximum allowable cost. Payments for sole-source drugs shall be the  
6 average wholesale price minus 15.5% for independent pharmacies and the  
7 average wholesale price minus 17.1% for chain pharmacies.

8 (3) For fee-for-service recipients, an optional mail-order  
9 pharmacy program shall be implemented.

10 (4) If a pharmaceutical quality assurance assessment program is  
11 established by September 30, 2004 that allows the state to retain  
12 \$18,900,000.00 of the assessment, the dispensing fee and payments for  
13 generic and sole-source drugs shall remain at fiscal year 2003-2004  
14 levels and the mail-order pharmacy program described under subsection  
15 (3) shall not be implemented.

16 Sec. 1621. (1) The department may implement prospective drug  
17 utilization review and disease management systems. The prospective  
18 drug utilization review and disease management systems authorized by  
19 this subsection shall have physician oversight, shall focus on  
20 patient, physician, and pharmacist education, and shall be developed  
21 in consultation with the national pharmaceutical council, Michigan  
22 state medical society, Michigan association of osteopathic physicians,  
23 Michigan pharmacists' association, Michigan health and hospital  
24 association, and Michigan nurses' association.

25 (2) This section does not authorize or allow therapeutic  
26 substitution.

27 Sec. 1621a. (1) The department, in conjunction with



1 pharmaceutical manufacturers or their agents, may establish pilot  
2 projects to test the efficacy of disease management and health  
3 management programs.

4 (2) The department may negotiate a plan that uses the savings  
5 resulting from the services rendered from these programs, in lieu of  
6 requiring a supplemental rebate for the inclusion of those  
7 participating parties' products on the department's preferred drug  
8 list.

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

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

19 (b) The department's prior authorization and appeal process shall  
20 be available on the department's website. The department shall also  
21 continue to implement a program that allows providers to file prior  
22 authorization and appeal requests electronically.

23 (c) The department shall provide authorization for prescribed  
24 drugs that are not on its preferred drug list if the prescribing  
25 physician verifies that the drugs are necessary for the continued  
26 stabilization of the patient's medical condition following documented  
27 previous failures on earlier prescription regimens. Documentation of

1 previous failures may be provided by telephone, facsimile, or  
2 electronic transmission.

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

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

22 (f) The department shall assure compliance with the published  
23 Medicaid bulletin implementing the Michigan pharmaceutical best  
24 practices initiative program. The department shall also include this  
25 information on its website.

26 (g) The department shall by March 15, 2005 provide to the members  
27 of the house and senate appropriations subcommittees on community

1 health a report on the impact of the pharmaceutical best practice  
2 initiative on the Medicaid community. The report shall include, but  
3 not be limited to, the number of appeals used in the prior  
4 authorization process and any reports of patients who are hospitalized  
5 because of authorization denial.

6 (h) 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. 1624. The department may continue all rebate and  
18 supplemental rebate contracts with a pharmaceutical manufacturer until  
19 a multistate drug purchasing compact is fully established.

20 Sec. 1625. The department shall continue its practice of placing  
21 all atypical antipsychotic medications on the Medicaid preferred drug  
22 list.

23 Sec. 1626. Prior to implementing a multistate drug purchasing  
24 compact, the department shall provide the senate and house  
25 appropriations subcommittees on community health and the senate and  
26 house fiscal agencies with a benefit-cost analysis to document that  
27 the savings from the compact exceed the savings from the current

1 preferred drug list (PDL) supplemental rebate drug programs.

2       Sec. 1627. (1) The department shall use procedures and rebates  
3 amounts specified under section 1927 of title XIX, 42 USC 1396r-8, to  
4 secure quarterly rebates from pharmaceutical manufacturers for  
5 outpatient drugs dispensed to participants in the MICHild program,  
6 maternal outpatient medical services program, state medical program,  
7 children's special health care services, and EPIC.

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

11       Sec. 1628. Recipients of children's special health care services  
12 shall be exempt from the prior authorization requirements for  
13 prescription drugs related to their qualifying condition in the  
14 department of community health's pharmaceutical best practices  
15 initiative.

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

20       Sec. 1630. Medicaid hearing aid services, adult dental services,  
21 podiatric services, and chiropractic services shall continue at not  
22 less than the level in effect on October 1, 2002, except that  
23 reasonable utilization limitations may be adopted in order to prevent  
24 excess utilization. The department shall not impose utilization  
25 restrictions on chiropractic services unless a recipient has exceeded  
26 18 office visits within 1 year.

27       Sec. 1631. The department shall require copayments on dental,

1 podiatric, chiropractic, vision, and hearing aid services provided to  
2 Medicaid recipients, except as prohibited by federal or state law or  
3 regulation.

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

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

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

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

23       Sec. 1647. From the funds appropriated in part 1 for hospital  
24 services, the department shall allocate for graduate medical education  
25 not less than the level of rates and payments in effect on April 1,  
26 2003.

27       Sec. 1648. The department shall maintain an automated toll-free

1 phone line to enable medical providers to verify the eligibility  
2 status of Medicaid recipients. There shall be no charge to providers  
3 for the use of the toll-free phone line.

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

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

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

24       (3) The criteria for medical exceptions to HMO enrollment shall be  
25 based on submitted documentation that indicates a recipient has a  
26 serious medical condition, and is undergoing active treatment for that  
27 condition with a physician who does not participate in 1 of the HMOs.

1 If the person meets the criteria established by this subsection, the  
2 department shall grant an exception to mandatory enrollment at least  
3 through the current prescribed course of treatment, subject to  
4 periodic review of continued eligibility.

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

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

15       Sec. 1653. Implementation and contracting for managed care by  
16 the department through HMOs shall be subject to the following  
17 conditions:

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

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

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



1 (d) Mandatory enrollment of Medicaid beneficiaries living in  
2 counties defined as rural by the federal government, which is any  
3 nonurban standard metropolitan statistical area, is allowed if there  
4 is only 1 HMO serving the Medicaid population, as long as each  
5 Medicaid beneficiary is assured of having a choice of at least 2  
6 physicians by the HMO.

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

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

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

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

27 (2) Medicaid recipients shall be allowed to change HMOs for any

1 reason within the initial 90 days of enrollment.

2       Sec. 1656. (1) The department shall provide an expedited  
3 complaint review procedure for Medicaid eligible persons enrolled in  
4 HMOs for situations in which failure to receive any health care  
5 service would result in significant harm to the enrollee.

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

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

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

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

27       (3) Subsections (1) and (2) shall not be construed as a

1 requirement to alter an existing agreement between an HMO and their  
2 contracting hospitals nor as a requirement that an HMO must reimburse  
3 for services that are not considered to be medically necessary.

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

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

15 (2) A hospital access agreement specified in subsection (1) shall  
16 be considered an affiliated provider contract pursuant to the  
17 requirements contained in chapter 35 of the insurance code of 1956,  
18 1956 PA 218, MCL 500.3501 to 500.3580.

19 Sec. 1659. The following sections are the only ones that shall  
20 apply to the following Medicaid managed care programs, including the  
21 comprehensive plan, children's special health care services plan,  
22 MIChoice long-term care plan, and the mental health, substance abuse,  
23 and developmentally disabled services program: 402, 404, 414, 418,  
24 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660,  
25 1661, 1662, and 1699.

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

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

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

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

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

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

27 Sec. 1661. (1) The department shall assure that all Medicaid

1 eligible children and pregnant women have timely access to MSS/ISS  
2 services. Medicaid HMOs shall assure that maternal support service  
3 screening is available to their pregnant members and that those women  
4 found to meet the maternal support service high-risk criteria are  
5 offered maternal support services. Local health departments shall  
6 assure that maternal support service screening is available for  
7 Medicaid pregnant women not enrolled in an HMO and that those women  
8 found to meet the maternal support service high-risk criteria are  
9 offered maternal support services or are referred to a certified  
10 maternal support service provider.

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

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

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

24 (2) The department shall provide a copy of the analysis of the  
25 Medicaid HMO annual audited health employer data and information set  
26 reports and the annual external quality review report to the senate  
27 and house of representatives appropriations subcommittees on community

1 health, the senate and house fiscal agencies, and the state budget  
2 director, within 30 days of the department's receipt of the final  
3 reports from the contractors.

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

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

11 Sec. 1670. (1) The appropriation in part 1 for the MICHild  
12 program is to be used to provide comprehensive health care to all  
13 children under age 19 who reside in families with income at or below  
14 200% of the federal poverty level, who are uninsured and have not had  
15 coverage by other comprehensive health insurance within 6 months of  
16 making application for MICHild benefits, and who are residents of this  
17 state. The department shall develop detailed eligibility criteria  
18 through the medical services administration public concurrence  
19 process, consistent with the provisions of this act. Health care  
20 coverage for children in families below 150% of the federal poverty  
21 level shall be provided through expanded eligibility under the state's  
22 Medicaid program. Health coverage for children in families between  
23 150% and 200% of the federal poverty level shall be provided through a  
24 state-based private health care program.

25 (2) The department shall enter into a contract to obtain MICHild  
26 services from any HMO, dental care corporation, or any other entity  
27 that offers to provide the managed health care benefits for MICHild

1 services at the MICHild capitated rate. As used in this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

26       (b) Outpatient mental health services, other than substance abuse  
27 services, including services furnished in a state-operated mental



1 hospital and community-based services.

2 (c) Durable medical equipment and prosthetic and orthotic  
3 devices.

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

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

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

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

11 (h) Emergency ambulance services.

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

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

22 (3) The department shall not implement any increase or decrease in  
23 the Medicaid nursing home wage pass-through program in fiscal year  
24 2004-2005.

25 Sec. 1681. From the funds appropriated in part 1 for home and  
26 community-based services, the department and local waiver agents shall  
27 encourage the use of family members, friends, and neighbors of home

1 and community-based services participants, where appropriate, to  
2 provide homemaker services, meal preparation, transportation, chore  
3 services, and other nonmedical covered services to participants in the  
4 Medicaid home and community-based services program. This section  
5 shall not be construed as allowing for the payment of family members,  
6 friends, or neighbors for these services unless explicitly provided  
7 for in federal or state law.

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

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

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

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

1       Sec. 1685. All nursing home rates, class I and class III, must  
2 have their respective fiscal year rate set 30 days prior to the  
3 beginning of their rate year. Rates may take into account the most  
4 recent cost report prepared and certified by the preparer, provider  
5 corporate owner or representative as being true and accurate, and  
6 filed timely, within 5 months of the fiscal year end in accordance  
7 with Medicaid policy. If the audited version of the last report is  
8 available, it shall be used. Any rate factors based on the filed cost  
9 report may be retroactively adjusted upon completion of the audit of  
10 that cost report.

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

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

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

1       Sec. 1692. (1) The department of community health is authorized  
2 to pursue reimbursement for eligible services provided in Michigan  
3 schools from the federal Medicaid program. The department and the  
4 state budget director are authorized to negotiate and enter into  
5 agreements, together with the department of education, with local and  
6 intermediate school districts regarding the sharing of federal  
7 Medicaid services funds received for these services. The department  
8 is authorized to receive and disburse funds to participating school  
9 districts pursuant to such agreements and state and federal law.

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

13       (a) Finance activities within the medical services administration  
14 related to this project.

15       (b) Reimburse participating school districts pursuant to the fund  
16 sharing ratios negotiated in the state-local agreements authorized in  
17 subsection (1).

18       (c) Offset general fund costs associated with the medical services  
19 program.

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

25       Sec. 1694. The department of community health shall distribute  
26 \$695,000.00 to children's hospitals that have a high indigent care  
27 volume. The amount to be distributed to any given hospital shall be

1 based on a formula determined by the department of community health.

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

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

14       Sec. 1699. (1) The department may make separate payments  
15 directly to qualifying hospitals serving a disproportionate share of  
16 indigent patients, and to hospitals providing graduate medical  
17 education training programs. If direct payment for GME and DSH is  
18 made to qualifying hospitals for services to Medicaid clients,  
19 hospitals will not include GME costs or DSH payments in their  
20 contracts with HMOs.

21       (2) The department shall make GME payments directly to qualifying  
22 hospitals. The department shall not make GME payments to qualifying  
23 hospitals through HMOs.

24       Sec. 1700. (1) The department shall limit all new contracts with  
25 managed care organizations to provide Medicaid physical health  
26 services to 1 year.

27       (2) Any requests for waivers of federal regulations sought by the

1 department to implement new contracts with Medicaid physical health  
2 managed care organizations shall be limited to 1 year.

3 (3) The department shall study alternative approaches to providing  
4 Medicaid physical health services to clients currently served by  
5 Medicaid managed care organizations. This study shall examine the  
6 estimated cost of each alternative, the potential changes in the  
7 relationships of providers to the Medicaid program, and the potential  
8 effects of each alternative on the Medicaid clientele. Results of  
9 this study shall be provided to the senate and house appropriations  
10 subcommittees on community health and the senate and house fiscal  
11 agencies by January 1, 2005. This study shall consider at least the  
12 following alternative approaches:

- 13 (a) A continuation of the current managed care program.
- 14 (b) A return to coverage on a fee-for-service basis.
- 15 (c) Implementation of a primary care case management approach.
- 16 (d) Contracting with a single managed care organization that would  
17 provide statewide coverage for Medicaid clients.

18 Sec. 1710. Any proposed changes by the department to the  
19 MIChoice home and community-based services waiver program screening  
20 process shall be provided to the members of the house and senate  
21 appropriations subcommittees on community health prior to  
22 implementation of the proposed changes.

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

- 27 (a) Payments by case and in the aggregate shall not exceed 60% of

1 Medicare payment rates.

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

6 (2) To ensure that total expenditures stay within the spending  
7 constraints of subsection (1)(b), the department shall develop a  
8 utilization adjustor for the basic 2-tier payment methodology. The  
9 adjustor shall be based on a good faith estimate by the department as  
10 to what the expected utilization of emergency room services will be  
11 during fiscal year 2004-2005, given changes in the number and category  
12 of Medicaid recipients. If expenditure and utilization data indicate  
13 that the amount and/or type of emergency physician professional  
14 services are exceeding the department's estimate, the utilization  
15 adjustor shall be applied to the 2-tier reimbursement methodology in  
16 such a manner as to reduce aggregate expenditures to the fiscal year  
17 2001-2002 adjusted expenditure target.

18 (3) If federal law, regulation, or judicial ruling finds that this  
19 2-tier reimbursement methodology is not health insurance portability  
20 and accountability act (HIPAA) compliant prior to the end of fiscal  
21 year 2003-2004, the department shall immediately provide the  
22 chairpersons of the senate and house appropriations subcommittees on  
23 community health and their respective fiscal agencies with the  
24 proposed modifications necessary to bring this methodology into  
25 compliance.

26 (4) The proposal specified in subsection (3) should be as  
27 consistent as possible with the intent of the methodology specified in

1 this section and must be provided to the subcommittee chairpersons and  
2 respective fiscal agencies no less than 30 days before the effective  
3 date of the proposal.

4       Sec. 1712. (1) Subject to the availability of funds, the  
5 department shall implement a rural health initiative. Available funds  
6 shall first be allocated as an outpatient adjustor payment to be paid  
7 directly to hospitals in rural counties in proportion to each  
8 hospital's Medicaid and indigent patient population. Additional  
9 funds, if available, shall be allocated for defibrillator grants, EMT  
10 training and support, or other similar programs.

11       (2) Except as otherwise specified in this section, "rural" means a  
12 county, city, village, or township with a population of not more than  
13 30,000, including those entities if located within a metropolitan  
14 statistical area.

15       Sec. 1713. (1) The department, in conjunction with the Michigan  
16 dental association, shall undertake a study to determine the level of  
17 participation by Michigan licensed dentists in the state's Medicaid  
18 program. The study shall identify the distribution of dentists  
19 throughout the state, the volume of Medicaid recipients served by each  
20 participating dentist, and areas in the state underserved for dental  
21 services.

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

27       (3) This study shall be provided to the senate and house



1 appropriations subcommittees on community health and the senate and  
2 house fiscal agencies no later than April 1, 2005.

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

7       Sec. 1717. (1) The department shall create 2 pools for  
8 distribution of disproportionate share hospital funding. The first  
9 pool, totaling \$40,000,000.00, shall be distributed by providing each  
10 eligible hospital 8/9 of the disproportionate share hospital payments  
11 that they received in fiscal year 2003-2004. The second pool,  
12 totaling \$5,000,000.00, shall be distributed to unaffiliated hospitals  
13 and hospital systems that received less than \$900,000.00 in  
14 disproportionate share hospital payments in fiscal year 2002-2003  
15 based on a formula that is weighted proportional to the product of  
16 each eligible system's Medicaid revenue and each eligible system's  
17 Medicaid utilization.

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

22       Sec. 1718. Each Medicaid adult home help beneficiary or  
23 applicant is authorized to request a review by the department of any  
24 decision which the beneficiary or applicant believes would jeopardize  
25 his or her health or safety or current living situation, or which the  
26 beneficiary or applicant believes would prevent him or her from moving  
27 to a more integrated environment, or cause him or her to move to a

1 more restrictive setting.

2       Sec. 1719. The department shall provide a report to the senate  
3 and house appropriations subcommittees on community health and to the  
4 senate and house fiscal agencies by February 1, 2005 comparing  
5 Medicaid fee-for-service, Medicaid HMO, and commercial insurance  
6 payment rates to Michigan hospitals for providing labor and delivery  
7 services, in addition to providing information on costs incurred by  
8 hospitals for providing such services. The report shall include  
9 information on payment rates and costs by geographic region.

10       Sec. 1720. The department shall explore implementing a Medicare  
11 recovery program.