

**SUBSTITUTE FOR
SENATE BILL NO. 1083**

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, 2007; 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

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amounts listed in this part are appropriated for the department of

Senate Bill No. 1083 as amended March 28, 2006

community health for the fiscal year ending September 30, 2007,
from the funds indicated in this part. The following is a summary
of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions..... 6.0

Full-time equated classified positions..... 4,688.1

Average population 1,109.0

GROSS APPROPRIATION..... <<\$ 11,193,067,500>>

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 37,286,100

ADJUSTED GROSS APPROPRIATION..... <<\$ 11,155,781,400>>

Federal revenues:

Total federal revenues. <<6,088,988,500>>

Special revenue funds:

Total local revenues..... 241,177,400

Total private revenues..... 61,326,900

Merit award trust fund..... 141,200,000

Total other state restricted revenues..... 1,675,112,800

State general fund/general purpose..... \$ 2,947,975,800

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions..... 6.0

Full-time equated classified positions..... 207.0

Director and other unclassified--6.0 FTE positions... \$ 581,500

Community health advisory council..... 7,000

Departmental administration and management--197.0

| | | |
|----|---|----------------|
| 1 | FTE positions | 22,394,900 |
| 2 | Worker's compensation program..... | 10,600,000 |
| 3 | Human resources optimization user charges..... | 277,600 |
| 4 | Rent and building occupancy..... | 10,877,700 |
| 5 | Developmental disabilities council and | |
| 6 | projects--10.0 FTE positions | 2,724,000 |
| 7 | 211 human services information line | <u>100,000</u> |
| 8 | GROSS APPROPRIATION..... | \$ 47,562,700 |
| 9 | Appropriated from: | |
| 10 | Federal revenues: | |
| 11 | Total federal revenues..... | 11,646,500 |
| 12 | Special revenue funds: | |
| 13 | Total private revenues..... | 35,900 |
| 14 | Total other state restricted revenues..... | 3,488,400 |
| 15 | State general fund/general purpose..... | \$ 32,391,900 |
| 16 | Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES | |
| 17 | ADMINISTRATION AND SPECIAL PROJECTS | |
| 18 | Full-time equated classified positions..... 109.0 | |
| 19 | Mental health/substance abuse program | |
| 20 | administration--108.0 FTE positions..... | \$ 12,149,100 |
| 21 | Consumer involvement program..... | 189,100 |
| 22 | Gambling addiction..... | 3,500,000 |
| 23 | Protection and advocacy services support | 777,400 |
| 24 | Mental health initiatives for older persons | 1,291,200 |
| 25 | Community residential and support services | 2,906,800 |
| 26 | Highway safety projects..... | 400,000 |
| 27 | Federal and other special projects | 2,152,200 |

| | | |
|----|--|------------------|
| 1 | Family support subsidy..... | 19,036,000 |
| 2 | Housing and support services..... | 7,806,800 |
| 3 | Methamphetamine cleanup fund..... | <u>100,000</u> |
| 4 | GROSS APPROPRIATION..... | \$ 50,308,600 |
| 5 | Appropriated from: | |
| 6 | Federal revenues: | |
| 7 | Total federal revenues..... | 32,435,100 |
| 8 | Special revenue funds: | |
| 9 | Total private revenues..... | 190,000 |
| 10 | Total other state restricted revenues..... | 3,500,000 |
| 11 | State general fund/general purpose..... | \$ 14,183,500 |
| 12 | Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE | |
| 13 | SERVICES PROGRAMS | |
| 14 | Full-time equated classified positions..... | 9.5 |
| 15 | Medicaid mental health services..... | \$ 1,786,894,900 |
| 16 | Community mental health non-Medicaid services..... | 302,772,300 |
| 17 | Medicaid adult benefits waiver..... | 40,000,000 |
| 18 | Multicultural services..... | 4,963,800 |
| 19 | Medicaid substance abuse services..... | 35,622,900 |
| 20 | Respite services..... | 1,000,000 |
| 21 | CMHSP, purchase of state services contracts..... | 128,681,500 |
| 22 | Civil service charges..... | 1,765,500 |
| 23 | Federal mental health block grant--2.5 FTE positions . | 15,355,000 |
| 24 | State disability assistance program substance abuse | |
| 25 | services | 2,509,800 |
| 26 | Community substance abuse prevention, education and | |
| 27 | treatment programs | 85,519,100 |

| | | |
|----|---|------------------|
| 1 | Children's waiver home care program..... | 19,549,800 |
| 2 | Omnibus reconciliation act implementation--7.0 FTE | |
| 3 | positions | 12,505,200 |
| 4 | Children with serious emotional disturbance waiver... | 570,000 |
| 5 | Medication management pilot project..... | <u>75,000</u> |
| 6 | GROSS APPROPRIATION..... | \$ 2,437,784,800 |
| 7 | Appropriated from: | |
| 8 | Federal revenues: | |
| 9 | Total federal revenues..... | 1,158,607,200 |
| 10 | Special revenue funds: | |
| 11 | Total local revenues..... | 26,072,100 |
| 12 | Total other state restricted revenues..... | 112,208,900 |
| 13 | State general fund/general purpose..... | \$ 1,140,896,600 |
| 14 | Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR | |
| 15 | PERSONS WITH DEVELOPMENTAL DISABILITIES, AND | |
| 16 | FORENSIC AND PRISON MENTAL HEALTH SERVICES | |
| 17 | Total average population | 1,109.0 |
| 18 | Full-time equated classified positions..... | 2,939.3 |
| 19 | Caro regional mental health center - psychiatric | |
| 20 | hospital - adult--461.7 FTE positions..... | \$ 41,511,600 |
| 21 | Average population | 179.0 |
| 22 | Kalamazoo psychiatric hospital - adult--486.3 FTE | |
| 23 | positions | 40,392,200 |
| 24 | Average population | 186.0 |
| 25 | Walter P. Reuther psychiatric hospital - adult--429.0 | |
| 26 | FTE positions | 40,549,700 |
| 27 | Average population | 236.0 |

| | | |
|----|--|------------------|
| 1 | Hawthorn center - psychiatric hospital - children and | |
| 2 | adolescents--210.2 FTE positions..... | 19,556,300 |
| 3 | Average population | 74.0 |
| 4 | Mount Pleasant center - developmental | |
| 5 | disabilities--529.7 FTE positions..... | 42,882,500 |
| 6 | Average population | 209.0 |
| 7 | Center for forensic psychiatry--493.0 FTE positions .. | 49,408,800 |
| 8 | Average population | 225.0 |
| 9 | Forensic mental health services provided to the | |
| 10 | department of corrections--318.4 FTE positions..... | 36,018,600 |
| 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 | 2,045,600 |
| 16 | Closed site, transition, and related costs--11.0 FTE | |
| 17 | positions | 712,300 |
| 18 | Severance pay..... | 216,900 |
| 19 | Gifts and bequests for patient living and treatment | |
| 20 | environment | <u>1,000,000</u> |
| 21 | GROSS APPROPRIATION..... | \$ 275,499,800 |
| 22 | Appropriated from: | |
| 23 | Interdepartmental grant revenues: | |
| 24 | Interdepartmental grant from the department of | |
| 25 | corrections | 36,018,600 |
| 26 | Federal revenues: | |
| 27 | Total federal revenues..... | 35,269,100 |

| | | |
|----|--|------------------|
| 1 | Special revenue funds: | |
| 2 | CMHSP, purchase of state services contracts | 128,681,500 |
| 3 | Other local revenues | 15,548,400 |
| 4 | Total private revenues | 1,000,000 |
| 5 | Total other state restricted revenues | 10,229,300 |
| 6 | State general fund/general purpose | \$ 48,752,900 |
| 7 | Sec. 106. PUBLIC HEALTH ADMINISTRATION | |
| 8 | Full-time equated classified positions..... | 86.4 |
| 9 | Public health administration--11.0 FTE positions | \$ 1,802,400 |
| 10 | Minority health grants and contracts--3.0 FTE | |
| 11 | positions | 1,592,500 |
| 12 | Vital records and health statistics--72.4 FTE | |
| 13 | positions | <u>7,658,400</u> |
| 14 | GROSS APPROPRIATION | \$ 11,053,300 |
| 15 | Appropriated from: | |
| 16 | Interdepartmental grant revenues: | |
| 17 | Interdepartmental grant from the department of human | |
| 18 | services | 724,100 |
| 19 | Federal revenues: | |
| 20 | Total federal revenues | 2,854,000 |
| 21 | Special revenue funds: | |
| 22 | Total other state restricted revenues | 5,972,700 |
| 23 | State general fund/general purpose | \$ 1,502,500 |
| 24 | Sec. 107. HEALTH POLICY, REGULATION, AND | |
| 25 | PROFESSIONS | |
| 26 | Full-time equated classified positions..... | 405.6 |
| 27 | Health systems administration--197.6 FTE positions ... | \$ 21,684,400 |

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| | | |
|----|--|-------------------|
| 1 | Emergency medical services program state staff--15.5 | |
| 2 | FTE positions | 2,012,400 |
| 3 | Radiological health administration--21.4 FTE positions | 2,506,700 |
| 4 | Health professions--125.0 FTE positions | 15,205,400 |
| 5 | Health policy, regulation, and professions | |
| 6 | administration--26.7 FTE positions..... | 5,366,800 |
| 7 | Nurse scholarship, education, and research | |
| 8 | program--3.0 FTE positions | 903,800 |
| 9 | Certificate of need program administration--14.0 FTE | |
| 10 | positions | 1,726,400 |
| 11 | Rural health services--1.0 FTE position..... | 1,390,500 |
| 12 | Michigan essential health provider..... | 1,847,100 |
| 13 | Primary care services--1.4 FTE positions | 2,265,500 |
| 14 | <<Free clinics | 100>> |
| 14 | GROSS APPROPRIATION..... | \$ <<54,909,100>> |
| 15 | Appropriated from: | |
| 16 | Interdepartmental grant revenues: | |
| 17 | Interdepartmental grant from the department of | |
| 18 | treasury, Michigan state hospital finance authority. | 113,000 |
| 19 | Federal revenues: | |
| 20 | Total federal revenues..... | <<22,559,700>> |
| 21 | Special revenue funds: | |
| 22 | Total local revenues..... | 227,700 |
| 23 | Total private revenues..... | 150,000 |
| 24 | Total other state restricted revenues | 24,150,900 |
| 25 | State general fund/general purpose | \$ 7,707,800 |
| 26 | Sec. 108. INFECTIOUS DISEASE CONTROL | |
| 27 | Full-time equated classified positions..... | 49.0 |

| | | | |
|----|---|----|-------------------|
| 1 | AIDS prevention, testing, and care programs--12.0 | | |
| 2 | FTE positions | \$ | 34,928,800 |
| 3 | Immunization local agreements..... | | 13,990,300 |
| 4 | Immunization program management and field | | |
| 5 | support--15.0 FTE positions | | 1,930,700 |
| 6 | Pediatric AIDS prevention and control..... | | 1,224,800 |
| 7 | Sexually transmitted disease control local agreements | | 3,423,200 |
| 8 | Sexually transmitted disease control management and | | |
| 9 | field support--22.0 FTE positions..... | | <u>3,624,900</u> |
| 10 | GROSS APPROPRIATION..... | \$ | 59,122,700 |
| 11 | Appropriated from: | | |
| 12 | Federal revenues: | | |
| 13 | Total federal revenues..... | | 40,921,800 |
| 14 | Special revenue funds: | | |
| 15 | Total private revenues..... | | 5,497,900 |
| 16 | Total other state restricted revenues..... | | 8,575,800 |
| 17 | State general fund/general purpose..... | \$ | 4,127,200 |
| 18 | Sec. 109. LABORATORY SERVICES | | |
| 19 | Full-time equated classified positions..... 122.0 | | |
| 20 | Bovine tuberculosis--2.0 FTE positions..... | \$ | 500,000 |
| 21 | Laboratory services--120.0 FTE positions..... | | <u>15,543,700</u> |
| 22 | GROSS APPROPRIATION..... | \$ | 16,043,700 |
| 23 | Appropriated from: | | |
| 24 | Interdepartmental grant revenues: | | |
| 25 | Interdepartmental grant from the department of | | |
| 26 | environmental quality | | 430,400 |
| 27 | Federal revenues: | | |

| | | |
|----|---|----------------|
| 1 | Total federal revenues..... | 3,093,200 |
| 2 | Special revenue funds: | |
| 3 | Total other state restricted revenues..... | 5,420,200 |
| 4 | State general fund/general purpose..... | \$ 7,099,900 |
| 5 | Sec. 110. EPIDEMIOLOGY | |
| 6 | Full-time equated classified positions..... | 134.5 |
| 7 | AIDS surveillance and prevention program..... | \$ 2,513,200 |
| 8 | Asthma prevention and control--2.3 FTE positions..... | 1,055,300 |
| 9 | Bioterrorism preparedness--76.1 FTE positions..... | 50,605,200 |
| 10 | Epidemiology administration--41.1 FTE positions..... | 6,546,800 |
| 11 | Lead abatement program--7.0 FTE positions..... | 2,143,400 |
| 12 | Newborn screening follow-up and treatment | |
| 13 | services--8.0 FTE positions | 3,862,300 |
| 14 | Tuberculosis control and recalcitrant AIDS program... | <u>867,000</u> |
| 15 | GROSS APPROPRIATION..... | \$ 67,593,200 |
| 16 | Appropriated from: | |
| 17 | Federal revenues: | |
| 18 | Total federal revenues..... | 61,099,500 |
| 19 | Special revenue funds: | |
| 20 | Total private revenues..... | 25,000 |
| 21 | Total other state restricted revenues..... | 4,307,600 |
| 22 | State general fund/general purpose..... | \$ 2,161,100 |
| 23 | Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS | |
| 24 | Implementation of 1993 PA 133, MCL 333.17015 | \$ 100,000 |
| 25 | Local health services..... | 220,000 |
| 26 | Local public health operations..... | 40,618,400 |
| 27 | Medical services cost reimbursement to local health | |

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|----|--|------|------------------|
| 1 | departments | | <u>3,110,000</u> |
| 2 | GROSS APPROPRIATION..... | \$ | 44,048,400 |
| 3 | Appropriated from: | | |
| 4 | Federal revenues: | | |
| 5 | Total federal revenues..... | | 3,110,000 |
| 6 | Special revenue funds: | | |
| 7 | Total local revenues..... | | 5,150,000 |
| 8 | Total other state restricted revenues..... | | 243,500 |
| 9 | State general fund/general purpose..... | \$ | 35,544,900 |
| 10 | Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND | | |
| 11 | HEALTH PROMOTION | | |
| 12 | Full-time equated classified positions..... | 65.5 | |
| 13 | African-American male health initiative..... | \$ | 106,700 |
| 14 | AIDS and risk reduction clearinghouse and media | | |
| 15 | campaign | | 1,576,000 |
| 16 | Alzheimer's information network..... | | 412,900 |
| 17 | Cancer prevention and control program--15.3 FTE | | |
| 18 | positions | | 15,145,400 |
| 19 | Chronic disease prevention--19.3 FTE positions..... | | 5,236,900 |
| 20 | Diabetes and kidney program--11.1 FTE positions..... | | <<3,726,400>> |
| 21 | Injury control intervention project--1.0 FTE position | | 100,900 |
| 22 | Michigan Parkinson's foundation..... | | 100,000 |
| 23 | Morris Hood Wayne State University diabetes outreach. | | 400,000 |
| 24 | Physical fitness, nutrition, and health..... | | 700,000 |
| 25 | Public health traffic safety coordination--1.7 FTE | | |
| 26 | positions | | 584,900 |
| 27 | Smoking prevention program--15.1 FTE positions..... | | 5,632,400 |

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| | | |
|----|--|------------------|
| 1 | Tobacco tax collection and enforcement | 610,000 |
| 2 | Violence prevention--2.0 FTE positions | <u>1,896,900</u> |
| 3 | GROSS APPROPRIATION | <<\$36,229,400>> |
| 4 | Appropriated from: | |
| 5 | Federal revenues: | |
| 6 | Total federal revenues | 19,987,500 |
| 7 | Special revenue funds: | |
| 8 | Total private revenues | 85,000 |
| 9 | Total other state restricted revenues | 14,751,700 |
| 10 | State general fund/general purpose | <<\$ 1,405,200>> |
| 11 | Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH | |
| 12 | SERVICES | |
| 13 | Full-time equated classified positions..... | 48.4 |
| 14 | Childhood lead program--6.8 FTE positions | \$ 2,536,100 |
| 15 | Dental programs | 485,400 |
| 16 | Dental program for persons with developmental | |
| 17 | disabilities | 151,000 |
| 18 | Early childhood collaborative secondary prevention ... | 524,000 |
| 19 | Family, maternal, and children's health services | |
| 20 | administration--39.6 FTE positions | 4,590,600 |
| 21 | Family planning local agreements | 12,270,300 |
| 22 | Local MCH services | 7,264,200 |
| 23 | Migrant health care | 272,200 |
| 24 | Pregnancy prevention program | 5,733,400 |
| 25 | Prenatal care outreach and service delivery support .. | 3,049,300 |
| 26 | School health and education programs | 500,000 |
| 27 | Special projects--2.0 FTE positions | 5,784,900 |

| | | | |
|----|--|------|--------------------|
| 1 | Sudden infant death syndrome program..... | | <u>321,300</u> |
| 2 | GROSS APPROPRIATION..... | \$ | 43,482,700 |
| 3 | Appropriated from: | | |
| 4 | Federal revenues: | | |
| 5 | Total federal revenues..... | | 30,116,300 |
| 6 | Special revenue funds: | | |
| 7 | Total other state restricted revenues..... | | 8,464,000 |
| 8 | State general fund/general purpose..... | \$ | 4,902,400 |
| 9 | Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND | | |
| 10 | NUTRITION PROGRAM | | |
| 11 | Full-time equated classified positions..... | 41.0 | |
| 12 | Women, infants, and children program administration | | |
| 13 | and special projects--41.0 FTE positions..... | \$ | 6,681,000 |
| 14 | Women, infants, and children program local | | |
| 15 | agreements and food costs | | <u>179,272,000</u> |
| 16 | GROSS APPROPRIATION..... | \$ | 185,953,000 |
| 17 | Appropriated from: | | |
| 18 | Federal revenues: | | |
| 19 | Total federal revenues..... | | 132,714,900 |
| 20 | Special revenue funds: | | |
| 21 | Total private revenues..... | | 53,238,100 |
| 22 | State general fund/general purpose..... | \$ | 0 |
| 23 | Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES | | |
| 24 | Full-time equated classified positions..... | 44.0 | |
| 25 | Children's special health care services | | |
| 26 | administration--44.0 FTE positions..... | \$ | 4,296,900 |
| 27 | Amputee program..... | | 184,600 |

| | | |
|----|---|--------------------|
| 1 | Bequests for care and services..... | 1,889,100 |
| 2 | Outreach and advocacy..... | 3,773,500 |
| 3 | Nonemergency medical transportation..... | 1,289,100 |
| 4 | Medical care and treatment..... | <u>185,426,400</u> |
| 5 | GROSS APPROPRIATION..... | \$ 196,859,600 |
| 6 | Appropriated from: | |
| 7 | Federal revenues: | |
| 8 | Total federal revenues..... | 95,909,800 |
| 9 | Special revenue funds: | |
| 10 | Total private revenues..... | 1,000,000 |
| 11 | Total other state restricted revenues..... | 2,584,500 |
| 12 | State general fund/general purpose..... | \$ 97,365,300 |
| 13 | Sec. 116. OFFICE OF DRUG CONTROL POLICY | |
| 14 | Full-time equated classified positions..... 16.0 | |
| 15 | Drug control policy--16.0 FTE positions..... | \$ 2,104,600 |
| 16 | Anti-drug abuse grants..... | 14,870,300 |
| 17 | Interdepartmental grant to judiciary for drug | |
| 18 | treatment courts | <u>1,800,000</u> |
| 19 | GROSS APPROPRIATION..... | \$ 18,774,900 |
| 20 | Appropriated from: | |
| 21 | Federal revenues: | |
| 22 | Total federal revenues..... | 18,399,500 |
| 23 | State general fund/general purpose..... | \$ 375,400 |
| 24 | Sec. 117. CRIME VICTIM SERVICES COMMISSION | |
| 25 | Full-time equated classified positions..... 10.0 | |
| 26 | Grants administration services--10.0 FTE positions... | \$ 1,087,500 |
| 27 | Justice assistance grants..... | 13,000,000 |

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|----|--|----|-------------------|
| 1 | Crime victim rights services grants | | <u>10,800,000</u> |
| 2 | GROSS APPROPRIATION | \$ | 24,887,500 |
| 3 | Appropriated from: | | |
| 4 | Federal revenues: | | |
| 5 | Total federal revenues | | 14,770,300 |
| 6 | Special revenue funds: | | |
| 7 | Total other state restricted revenues | | 10,117,200 |
| 8 | State general fund/general purpose | \$ | 0 |
| 9 | Sec. 118. OFFICE OF SERVICES TO THE AGING | | |
| 10 | Full-time equated classified positions..... 36.5 | | |
| 11 | Commission (per diem \$50.00) | \$ | 10,500 |
| 12 | Office of services to aging administration--36.5 FTE | | |
| 13 | positions | | 5,324,100 |
| 14 | Community services | | 35,204,200 |
| 15 | Nutrition services | | 37,290,500 |
| 16 | Senior volunteer services | | 5,624,900 |
| 17 | Employment assistance | | 2,818,300 |
| 18 | Respite care program | | <u>7,600,000</u> |
| 19 | GROSS APPROPRIATION | \$ | 93,872,500 |
| 20 | Appropriated from: | | |
| 21 | Federal revenues: | | |
| 22 | Total federal revenues | | 52,251,400 |
| 23 | Special revenue funds: | | |
| 24 | Total private revenues | | 105,000 |
| 25 | Merit award trust fund | | 5,000,000 |
| 26 | Total other state restricted revenues | | 2,767,000 |
| 27 | State general fund/general purpose | \$ | 33,749,100 |

| | | | |
|----|--|----|--------------------|
| 1 | Sec. 119. MICHIGAN FIRST HEALTHCARE PLAN | | |
| 2 | Michigan first healthcare plan..... | \$ | <u>200,000,000</u> |
| 3 | GROSS APPROPRIATION..... | \$ | 200,000,000 |
| 4 | Appropriated from: | | |
| 5 | Federal revenues: | | |
| 6 | Total federal revenues..... | | 200,000,000 |
| 7 | State general fund/general purpose..... | \$ | 0 |
| 8 | Sec. 120. MEDICAL SERVICES ADMINISTRATION | | |
| 9 | Full-time equated classified positions..... | | 364.4 |
| 10 | Medical services administration--364.4 FTE positions . | \$ | 69,290,600 |
| 11 | Facility inspection contract - state police | | 132,800 |
| 12 | MIChild administration..... | | <u>4,327,800</u> |
| 13 | GROSS APPROPRIATION..... | \$ | 73,751,200 |
| 14 | Appropriated from: | | |
| 15 | Federal revenues: | | |
| 16 | Total federal revenues..... | | 53,840,900 |
| 17 | State general fund/general purpose..... | \$ | 19,910,300 |
| 18 | Sec. 121. MEDICAL SERVICES | | |
| 19 | Hospital services and therapy..... | \$ | 1,128,391,400 |
| 20 | Hospital disproportionate share payments | | 50,000,000 |
| 21 | Physician services..... | | 279,406,200 |
| 22 | Medicare premium payments..... | | 308,097,700 |
| 23 | Pharmaceutical services..... | | 48,798,800 |
| 24 | Home health services..... | | 67,241,000 |
| 25 | Transportation..... | | 9,026,500 |
| 26 | Auxiliary medical services..... | | 110,621,300 |
| 27 | Ambulance services..... | | 13,541,500 |

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| | | |
|----|--|----------------------|
| 1 | Long-term care services..... | 1,961,540,800 |
| 2 | Health plan services..... | 2,409,060,300 |
| 3 | MICChild program..... | 47,875,600 |
| 4 | Medicaid adult benefits waiver..... | 106,608,600 |
| 5 | County indigent care and third share plans..... | 88,518,500 |
| 6 | Federal Medicare pharmaceutical program..... | <<186,423,100>> |
| 7 | Health information technology waiver..... | 10,000,000 |
| 8 | Promotion of healthy behavior waiver..... | 10,000,000 |
| 9 | Maternal and child health..... | 20,279,500 |
| 10 | Social services to the physically disabled..... | 1,344,900 |
| 11 | Restoration of prior year reductions to graduate | |
| 12 | medical education | 100 |
| 13 | Subtotal basic medical services program | <<6,856,775,800>> |
| 14 | School-based services..... | 76,235,400 |
| 15 | Special Medicaid reimbursement..... | 290,892,100 |
| 16 | Subtotal special medical services payments..... | <u>367,127,500</u> |
| 17 | GROSS APPROPRIATION..... | <<\$ 7,223,903,300>> |
| 18 | Appropriated from: | |
| 19 | Federal revenues: | |
| 20 | Total federal revenues..... | 4,080,105,300 |
| 21 | Special revenue funds: | |
| 22 | Total local revenues..... | 65,497,700 |
| 23 | Merit award trust fund..... | 136,200,000 |
| 24 | Total other state restricted revenues..... | 1,455,274,200 |
| 25 | State general fund/general purpose. | <<\$ 1,486,826,100>> |
| 26 | Sec. 122. INFORMATION TECHNOLOGY | |
| 27 | Information technology services and projects | \$ 31,427,000 |

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| | | | |
|---|--|----|------------|
| 1 | Michigan Medicaid information system..... | | <u>100</u> |
| 2 | GROSS APPROPRIATION..... | \$ | 31,427,100 |
| 3 | Appropriated from: | | |
| 4 | Federal revenues: | | |
| 5 | Total federal revenues..... | | 19,296,500 |
| 6 | Special revenue funds: | | |
| 7 | Total other state restricted revenues..... | | 3,056,900 |
| 8 | State general fund/general purpose..... | \$ | 9,073,700 |

9 PART 2

10 PROVISIONS CONCERNING APPROPRIATIONS

11 GENERAL SECTIONS

12 Sec. 201. Pursuant to section 30 of article IX of the state
 13 constitution of 1963, total state spending from state resources
 14 under part 1 for fiscal year 2006-2007 is \$4,764,288,600.00 and
 15 state spending from state resources to be paid to units of local
 16 government for fiscal year 2006-2007 is <<\$1,288,492,900.00>>. The
 17 itemized statement below identifies appropriations from which
 18 spending to local units of government will occur:

19 DEPARTMENT OF COMMUNITY HEALTH

20 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

21 AND SPECIAL PROJECTS

| | | | |
|----|---|----|---------|
| 22 | Community residential and support services..... | \$ | 387,300 |
| 23 | Methamphetamine cleanup fund..... | | 100,000 |
| 24 | Mental health initiatives for older persons..... | | 695,500 |
| 25 | COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS | | |

| | | | |
|----|--|----|-------------|
| 1 | State disability assistance program substance | | |
| 2 | abuse services | \$ | 1,966,400 |
| 3 | Community substance abuse prevention, education, and | | |
| 4 | treatment programs | | 12,440,300 |
| 5 | Medicaid mental health services | | 753,371,500 |
| 6 | Community mental health non-Medicaid services | | 302,772,300 |
| 7 | Medicaid adult benefits waiver | | 12,212,000 |
| 8 | Multicultural services | | 3,921,100 |
| 9 | Medicaid substance abuse services | | 15,462,100 |
| 10 | Respite services | | 1,000,000 |
| 11 | Children's waiver home care program | | 2,428,800 |
| 12 | Omnibus budget reconciliation act implementation | | 2,882,500 |
| 13 | STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH | | |
| 14 | DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON | | |
| 15 | MENTAL HEALTH SERVICES | | |
| 16 | Center for forensic psychiatry | \$ | 290,300 |
| 17 | PUBLIC HEALTH ADMINISTRATION | | |
| 18 | Minority health grants and contracts | \$ | 100,000 |
| 19 | Public health administration | | 76,000 |
| 20 | HEALTH POLICY, REGULATION AND PROFESSIONS | | |
| 21 | Health professions | \$ | 99,700 |
| 22 | Primary care services | | 341,900 |
| 23 | INFECTIOUS DISEASE CONTROL | | |
| 24 | AIDS prevention, testing and care programs | \$ | 742,200 |
| 25 | Immunization local agreements | | 2,132,000 |
| 26 | Sexually transmitted disease control local agreements | | 430,900 |
| 27 | LABORATORY SERVICES | | |

Senate Bill No. 1083 as amended March 28, 2006

| | | | |
|----|--|----|-------------|
| 1 | Laboratory services..... | \$ | 55,400 |
| 2 | LOCAL HEALTH ADMINISTRATION AND GRANTS | | |
| 3 | Implementation of 1993 PA 133..... | \$ | 7,700 |
| 4 | Local public health operations..... | | 35,468,400 |
| 5 | CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION | | |
| 6 | Cancer prevention and control program..... | \$ | 137,300 |
| 7 | Diabetes and kidney program..... | | <<395,600>> |
| 8 | Smoking prevention program..... | | 1,014,500 |
| 9 | FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES | | |
| 10 | Childhood lead program..... | \$ | 136,500 |
| 11 | Dental programs..... | | 25,000 |
| 12 | Family planning local agreements..... | | 360,000 |
| 13 | Local MCH services..... | | 322,200 |
| 14 | Pregnancy prevention program..... | | 2,300,000 |
| 15 | Prenatal care outreach and service delivery support .. | | 650,100 |
| 16 | School health and education programs..... | | 500,000 |
| 17 | Special projects..... | | 378,900 |
| 18 | CHILDREN'S SPECIAL HEALTH CARE SERVICES | | |
| 19 | Medical care and treatment..... | \$ | 528,800 |
| 20 | Outreach and advocacy..... | | 1,283,200 |
| 21 | MEDICAL SERVICES | | |
| 22 | Long-term care services..... | \$ | 81,711,500 |
| 23 | Transportation..... | | 1,401,300 |
| 24 | Medicaid adult benefits waiver..... | | 9,573,500 |
| 25 | OFFICE OF SERVICES TO THE AGING | | |
| 26 | Community services..... | \$ | 15,054,300 |
| 27 | Nutrition services..... | | 11,447,300 |

Senate Bill No. 1083 as amended March 28, 2006

| | | |
|---|--|----------------------|
| 1 | Senior volunteer services..... | 1,214,400 |
| 2 | Respite care program..... | 4,227,400 |
| 3 | CRIME VICTIM SERVICES COMMISSION | |
| 4 | Crime victim rights services grants..... | \$ <u>6,446,800</u> |
| 5 | TOTAL OF PAYMENTS TO LOCAL UNITS | |
| 6 | OF GOVERNMENT..... | <<\$ 1,288,492,900>> |

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

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

12 Sec. 203. As used in this act:

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

14 (b) "CMHSP" means a community mental health services program
15 as that term is defined in section 100a of the mental health code,
16 1974 PA 258, MCL 330.1100a.

17 (c) "Department" means the Michigan department of community
18 health.

19 (d) "DSH" means disproportionate share hospital.

20 (e) "EPSDT" means early and periodic screening, diagnosis, and
21 treatment.

22 (f) "FTE" means full-time equated.

23 (g) "GME" means graduate medical education.

24 (h) "Health plan" means, at a minimum, an organization that
25 meets the criteria for delivering the comprehensive package of
26 services under the department's comprehensive health plan.

27 (i) "HIV/AIDS" means human immunodeficiency virus/acquired

1 immune deficiency syndrome.

2 (j) "HMO" means health maintenance organization.

3 (k) "IDEA" means individuals with disabilities education act.

4 (l) "IDG" means interdepartmental grant.

5 (m) "MCH" means maternal and child health.

6 (n) "MIChild" means the program described in section 1670.

7 (o) "MSS/ISS" means maternal and infant support services.

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

11 (q) "Title XVIII" means title XVIII of the social security
12 act, 42 USC 1395 to 1395hhh.

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

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

17 (t) "WIC" means women, infants, and children supplemental
18 nutrition program.

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

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

1 civil service positions. This hiring freeze does not apply to
2 internal transfers of classified employees from 1 position to
3 another within a department.

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

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

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

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

1 services, or both, are available.

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

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

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

| | | | |
|----|---|----|------------|
| 19 | (a) Maternal and child health block grant | \$ | 21,162,400 |
| 20 | (b) Preventive health and health services | | |
| 21 | block grant | | 4,534,000 |
| 22 | (c) Substance abuse block grant | | 60,509,900 |
| 23 | (d) Healthy Michigan fund | | 43,551,000 |
| 24 | (e) Michigan health initiative | | 10,323,000 |

25 (2) On or before February 1, 2007, the department shall report
26 to the house of representatives and senate appropriations
27 subcommittees on community health, the house and senate fiscal

1 agencies, and the state budget director on the detailed name and
2 amounts of federal, restricted, private, and local sources of
3 revenue that support the appropriations in each of the line items
4 in part 1 of this act.

5 (3) Upon the release of the fiscal year 2007-2008 executive
6 budget recommendation, the department shall report to the same
7 parties in subsection (2) on the amounts and detailed sources of
8 federal, restricted, private, and local revenue proposed to support
9 the total funds appropriated in each of the line items in part 1 of
10 the fiscal year 2007-2008 executive budget proposal.

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

14 Sec. 213. The state departments, agencies, and commissions
15 receiving tobacco tax funds from part 1 shall report by April 1,
16 2007, to the senate and house of representatives appropriations
17 committees, the senate and house fiscal agencies, and the state
18 budget director on the following:

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

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

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

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

26 (e) Any other information considered necessary by the house of
27 representatives or senate appropriations committees or the state

1 budget director.

2 Sec. 214. The use of state-restricted tobacco tax revenue
3 received for the purpose of tobacco prevention, education, and
4 reduction efforts and deposited in the healthy Michigan fund shall
5 not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to
6 4.431, and shall not be used in attempting to influence the
7 decisions of the legislature, the governor, or any state agency.

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

14 (2) The department's ability to satisfy appropriation
15 deductions in part 1 shall not be limited to collections and
16 accruals pertaining to services provided in fiscal year 2006-2007,
17 but shall also include reimbursements, refunds, adjustments, and
18 settlements from prior years.

19 (3) The department shall report by March 15, 2007 to the house
20 of representatives and senate appropriations subcommittees on
21 community health on all reimbursements, refunds, adjustments, and
22 settlements from prior years.

23 Sec. 218. Basic health services for the purpose of part 23 of
24 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:
25 immunizations, communicable disease control, sexually transmitted
26 disease control, tuberculosis control, prevention of gonorrhea eye
27 infection in newborns, screening newborns for the 8 conditions

1 listed in section 5431(1)(a) through (h) of the public health code,
2 1978 PA 368, MCL 333.5431, community health annex of the Michigan
3 emergency management plan, and prenatal care.

4 Sec. 219. (1) The department may contract with the Michigan
5 public health institute for the design and implementation of
6 projects and for other public health related activities prescribed
7 in section 2611 of the public health code, 1978 PA 368, MCL
8 333.2611. The department may develop a master agreement with the
9 institute to carry out these purposes for up to a 3-year period.
10 The department shall report to the house of representatives and
11 senate appropriations subcommittees on community health, the house
12 and senate fiscal agencies, and the state budget director on or
13 before November 1, 2006 and May 1, 2007 all of the following:

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

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

18 (c) The expected project duration.

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

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

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

3 (3) On or before September 30, 2007, the department shall
4 provide to the same parties listed in subsection (1) a copy of all
5 reports, studies, and publications produced by the Michigan public
6 health institute, its subcontractors, or the department with the
7 funds appropriated in part 1 and allocated to the Michigan public
8 health institute.

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

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

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

27 Sec. 260. Amounts appropriated in part 1 for information

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

7 Sec. 261. Funds appropriated in part 1 for the Medicaid
8 management information system upgrade are contingent upon approval
9 of an advanced planning document from the centers for Medicare and
10 Medicaid services. If the necessary matching funds are identified
11 and legislatively transferred to this line item, the corresponding
12 federal Medicaid revenue shall be appropriated at a 90/10
13 federal/state match rate. This appropriation may be designated as
14 a work project and carried forward to support completion of this
15 project.

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

22 Sec. 265. The departments and agencies receiving
23 appropriations in part 1 shall receive and retain copies of all
24 reports funded from appropriations in part 1. Federal and state
25 guidelines for short-term and long-term retention of records shall
26 be followed.

27 Sec. 266. (1) Due to the current budgetary problems in this

1 state, out-of-state travel for the fiscal year ending September 30,
2 2007 shall be limited to situations in which 1 or more of the
3 following conditions apply:

4 (a) The travel is required by legal mandate or court order or
5 for law enforcement purposes.

6 (b) The travel is necessary to protect the health or safety of
7 Michigan citizens or visitors or to assist other states in similar
8 circumstances.

9 (c) The travel is necessary to produce budgetary savings or to
10 increase state revenues, including protecting existing federal
11 funds or securing additional federal funds.

12 (d) The travel is necessary to comply with federal
13 requirements.

14 (e) The travel is necessary to secure specialized training for
15 staff that is not available within this state.

16 (f) The travel is financed entirely by federal or nonstate
17 funds.

18 (2) If out-of-state travel is necessary but does not meet 1 or
19 more of the conditions in subsection (1), the state budget director
20 may grant an exception to allow the travel. Any exceptions granted
21 by the state budget director shall be reported on a monthly basis
22 to the house of representatives and senate standing committees on
23 appropriations.

24 (3) Not later than January 1 of each year, each department
25 shall prepare a travel report listing all travel by classified and
26 unclassified employees outside this state in the immediately
27 preceding fiscal year that was funded in whole or in part with

1 funds appropriated in the department's budget. The report shall be
2 submitted to the chairs and members of the house of representatives
3 and senate standing committees on appropriations, the fiscal
4 agencies, and the state budget director. The report shall include
5 the following information:

6 (a) The name of each person receiving reimbursement for travel
7 outside this state or whose travel costs were paid by this state.

8 (b) The destination of each travel occurrence.

9 (c) The dates of each travel occurrence.

10 (d) A brief statement of the reason for each travel
11 occurrence.

12 (e) The transportation and related costs of each travel
13 occurrence, including the proportion funded with state general
14 fund/general purpose revenues, the proportion funded with state
15 restricted revenues, the proportion funded with federal revenues,
16 and the proportion funded with other revenues.

17 (f) A total of all out-of-state travel funded for the
18 immediately preceding fiscal year.

19 Sec. 267. A department or state agency shall not take
20 disciplinary action against an employee for communicating with a
21 member of the legislature or his or her staff.

22 Sec. 268. By October 15, 2006, the department shall provide to
23 the senate and house of representatives appropriations
24 subcommittees on community health and the senate and house fiscal
25 agencies a list of general fund/general purpose budget cuts that
26 are sufficient to reduce the department general fund/general
27 purpose spending by 7.93% in fiscal year 2006-2007 if the K-16

1 ballot initiative is adopted by the voters of this state.

2 Sec. 269. (1) Of the amount appropriated in part 1 for
3 Medicaid mental health services, \$149,136,400.00 is for prepaid
4 inpatient health plan reimbursement of antipsychotic prescriptions
5 under the Medicaid program. All of the following conditions shall
6 apply to this arrangement:

7 (a) The department shall develop uniform statewide procedures
8 and practices to be followed by the prepaid inpatient health plans.
9 These procedures and practices shall adhere to the requirements of
10 section 1625 and section 109h of the social welfare act, 1939 PA
11 280, MCL 400.109h.

12 (b) The department shall include the actual cost of
13 antipsychotic prescriptions, net of actual rebates, into the
14 actuarially sound capitation rates for the prepaid inpatient health
15 plans.

16 (c) The department shall develop and implement training for
17 prepaid inpatient health programs regarding billing processes
18 required for reimbursement under this section.

19 (2) Of the amount appropriated in part 1 for health plan
20 services, \$86,674,300.00 is for Medicaid health plan reimbursement
21 of antidepressant prescriptions under the Medicaid program. All of
22 the following conditions shall apply to this arrangement:

23 (a) The department shall develop uniform statewide procedures
24 and practices to be followed by the Medicaid health plans. These
25 procedures shall adhere to the requirements of section 1625 and all
26 provisions of the department's fiscal year 2005-2006 contract with
27 Medicaid health plans.

1 (b) The department shall include the actual cost of
2 antidepressant prescriptions, net of actual rebates, into the
3 actuarially sound capitation rates for the Medicaid health plans.

4 (3) Medicaid reimbursement of mental health prescriptions that
5 are neither antipsychotics nor antidepressants shall be made from
6 the medical services pharmaceutical services line in part 1. The
7 department shall utilize the same operational procedures for these
8 medications that were followed in fiscal year 2005-2006 and shall
9 adhere to the requirements of section 109h of the social welfare
10 act, 1939 PA 280, MCL 400.109h.

11 (4) The directors of the medical services administration and
12 the department's mental health and substance abuse administration
13 shall provide a joint quarterly report to the house of
14 representatives, senate, and the senate and house fiscal agencies
15 on the coordination of psychotropic medications under this section.

16 **DEPARTMENTWIDE ADMINISTRATION**

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

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

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

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

Sec. 351. From the funds appropriated in part 1 for the methamphetamine cleanup fund, the department shall allow local governments to apply for money to cover their administrative costs associated with methamphetamine cleanup efforts.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

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

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

(b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-

1 hour inpatient care in a structured, secure environment.

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

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

14 (e) A system of case management to monitor and ensure the
15 provision of services consistent with the individualized plan of
16 services or supports.

17 (f) A system of continuous quality improvement.

18 (g) A system to monitor and evaluate the mental health
19 services provided.

20 (h) A system that serves at-risk and delinquent youth as
21 required under the provisions of the mental health code, 1974 PA
22 258, MCL 330.1001 to 330.2106.

23 Sec. 402. (1) From funds appropriated in part 1, final
24 authorizations to CMHSPs or specialty prepaid health plans shall be
25 made upon the execution of contracts between the department and
26 CMHSPs or specialty prepaid health plans. The contracts shall
27 contain an approved plan and budget as well as policies and

1 procedures governing the obligations and responsibilities of both
2 parties to the contracts. Each contract with a CMHSP or specialty
3 prepaid health plan that the department is authorized to enter into
4 under this subsection shall include a provision that the contract
5 is not valid unless the total dollar obligation for all of the
6 contracts between the department and the CMHSPs or specialty
7 prepaid health plans entered into under this subsection for fiscal
8 year 2006-2007 does not exceed the amount of money appropriated in
9 part 1 for the contracts authorized under this subsection.

10 (2) The department shall immediately report to the senate and
11 house of representatives appropriations subcommittees on community
12 health, the senate and house fiscal agencies, and the state budget
13 director if either of the following occurs:

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

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

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

22 Sec. 403. From the funds appropriated in part 1 for
23 multicultural services, the department shall ensure that CMHSPs or
24 specialty prepaid health plans continue contracts with
25 multicultural services providers.

26 Sec. 404. (1) Not later than May 31 of each fiscal year, the
27 department shall provide a report on the community mental health

1 services programs to the members of the house of representatives
2 and senate appropriations subcommittees on community health, the
3 house and senate fiscal agencies, and the state budget director
4 that includes the information required by this section.

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

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

11 (b) Per capita expenditures by client population group.

12 (c) Financial information which, minimally, shall include a
13 description of funding authorized; expenditures by client group and
14 fund source; and cost information by service category, including
15 administration. Service category shall include all department
16 approved services.

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

21 (e) Information about access to community mental health
22 services programs which shall include, but not be limited to, the
23 following:

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

25 (ii) The number of people who requested services but did not
26 receive services.

27 (f) The number of second opinions requested under the code and

1 the determination of any appeals.

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

7 (h) Lapses and carryforwards during fiscal year 2005-2006 for
8 CMHSPs or specialty prepaid health plans.

9 (i) Contracts for mental health services entered into by
10 CMHSPs or specialty prepaid health plans with providers, including
11 amount and rates, organized by type of service provided.

12 (j) Information on the community mental health Medicaid
13 managed care program, including, but not limited to, both of the
14 following:

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

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

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

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

27 Sec. 405. It is the intent of the legislature that the

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

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

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

21 Sec. 407. (1) The amount appropriated in part 1 for substance
22 abuse prevention, education, and treatment grants shall be expended
23 for contracting with coordinating agencies. Coordinating agencies
24 shall work with the CMHSPs or specialty prepaid health plans to
25 coordinate the care and services provided to individuals with both
26 mental illness and substance abuse diagnoses.

27 (2) The department shall approve a fee schedule for providing

1 substance abuse services and charge participants in accordance with
2 their ability to pay.

3 Sec. 408. (1) By April 15, 2007, the department shall report
4 the following data from fiscal year 2005-2006 on substance abuse
5 prevention, education, and treatment programs to the senate and
6 house of representatives appropriations subcommittees on community
7 health, the senate and house fiscal agencies, and the state budget
8 office:

9 (a) Expenditures stratified by coordinating agency, by central
10 diagnosis and referral agency, by fund source, by subcontractor, by
11 population served, and by service type. Additionally, data on
12 administrative expenditures by coordinating agency and by
13 subcontractor shall be reported.

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

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

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

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

27 Sec. 409. The funding in part 1 for substance abuse services

1 shall be distributed in a manner that provides priority to service
2 providers that furnish child care services to clients with
3 children.

4 Sec. 410. The department shall assure that substance abuse
5 treatment is provided to applicants and recipients of public
6 assistance through the department of human services who are
7 required to obtain substance abuse treatment as a condition of
8 eligibility for public assistance.

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

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

25 Sec. 412. The department shall contract directly with the
26 Salvation Army harbor light program to provide non-Medicaid
27 substance abuse services at not less than the amount contracted for

1 in fiscal year 2004-2005.

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

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

1 eligibles and expenditures for the Medicaid managed mental health
2 care program.

3 Sec. 423. The department shall work cooperatively with the
4 departments of human services, corrections, education, state
5 police, and military and veterans affairs to coordinate and improve
6 the delivery of substance abuse prevention, education, and
7 treatment programs within existing appropriations.

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

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

19 (b) A community mental health services program or specialty
20 prepaid health plan must state in writing to the health
21 professional or facility any defect in the claim within 30 days
22 after receipt of the claim.

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

1 Sec. 425. By April 1, 2007, the department, in conjunction
2 with the department of corrections, shall report the following data
3 from fiscal year 2005-2006 on mental health and substance abuse
4 services to the house of representatives and senate appropriations
5 subcommittees on community health and corrections, the house and
6 senate fiscal agencies, and the state budget office:

7 (a) The number of prisoners receiving substance abuse
8 services, which shall include a description and breakdown of the
9 type of substance abuse services provided to prisoners.

10 (b) The number of prisoners with a primary diagnosis of mental
11 illness and the number of such prisoners receiving mental health
12 services, which shall include a description and breakdown,
13 minimally encompassing the categories of inpatient, residential,
14 and outpatient care, of the type of mental health services provided
15 to those prisoners.

16 (c) The number of prisoners with a primary diagnosis of mental
17 illness and receiving substance abuse services, which shall include
18 a description and breakdown, minimally encompassing the categories
19 of inpatient, residential, and outpatient care, of the type of
20 treatment provided to those prisoners.

21 (d) Data indicating if prisoners receiving mental health
22 services for a primary diagnosis of mental illness were previously
23 hospitalized in a state psychiatric hospital for persons with
24 mental illness.

25 (e) Data indicating if prisoners with a primary diagnosis of
26 mental illness and receiving substance abuse services were
27 previously hospitalized in a state psychiatric hospital for persons

1 with mental illness.

2 Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall
3 provide, from internal resources, local funds to be used as a bona
4 fide part of the state match required under the Medicaid program in
5 order to increase capitation rates for CMHSPs and affiliations of
6 CMHSPs. These funds shall not include either state funds received
7 by a CMHSP for services provided to non-Medicaid recipients or the
8 state matching portion of the Medicaid capitation payments made to
9 a CMHSP or an affiliation of CMHSPs.

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

15 Sec. 435. A county required under the provisions of the mental
16 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
17 matching funds to a CMHSP for mental health services rendered to
18 residents in its jurisdiction shall pay the matching funds in equal
19 installments on not less than a quarterly basis throughout the
20 fiscal year, with the first payment being made by October 1, 2006.

21 Sec. 442. (1) It is the intent of the legislature that the
22 \$40,000,000.00 in funding transferred from the community mental
23 health non-Medicaid services line to support the Medicaid adult
24 benefits waiver program be used to provide state match for
25 increases in federal funding for primary care and specialty
26 services provided to Medicaid adult benefits waiver enrollees and
27 for economic increases for the Medicaid specialty services and

1 supports program.

2 (2) The department shall assure that persons enrolled in the
3 Medicaid adult benefits waiver program shall receive mental health
4 services under the priority population sections of the mental
5 health code, 1974 PA 258, MCL 330.1001 to 330.2106.

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

10 (4) If enrollment in the Medicaid adult benefits waiver
11 program does not achieve expectations and the funding appropriated
12 for the Medicaid adult benefits waiver program for specialty
13 services is not expended, the general fund balance shall be
14 transferred back to the community mental health non-Medicaid
15 services line. The department shall report quarterly to the senate
16 and house of representatives appropriations subcommittees on
17 community health a summary of eligible expenditures for the
18 Medicaid adult benefits waiver program by CMHSPs or specialty
19 prepaid health plans.

20 Sec. 450. The department shall continue a work group comprised
21 of CMHSPs or specialty prepaid health plans and departmental staff
22 to recommend strategies to streamline audit and reporting
23 requirements for CMHSPs or specialty prepaid health plans. The
24 charge to this work group shall include a requirement to develop a
25 set of standards and criteria that satisfy all of the department's
26 audit requirements that are to be used by any contractor performing
27 services for CMHSPs or specialty prepaid health plans. The

1 department shall by March 31, 2007 provide those proposed standards
2 and criteria to the house of representatives and senate
3 appropriations subcommittees on community health, the house fiscal
4 agency, the senate fiscal agency, and the state budget director.

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

9 Sec. 456. The prepaid inpatient health plans shall honor
10 consumer choice to the fullest extent possible when providing
11 Medicaid mental health services and support programs for
12 individuals with mental illness, developmental disabilities, or
13 substance abuse issues. Consumer choices shall include skill
14 building assistance and work preparatory services provided in
15 accredited community based rehabilitation organizations, as well as
16 supported and integrated employment services. The prepaid inpatient
17 health plans shall not arbitrarily eliminate any choices from the
18 array of services available to consumers without reasonable
19 justification that those services are not in the consumer's best
20 interest.

21 Sec. 459. (1) Any CMHSP located in a county with a population
22 of more than 1,500,000 that is not a community mental health
23 authority pursuant to section 205 of the mental health code, 1974
24 PA 258, MCL 330.1205, by July 1, 2006 shall have its fiscal year
25 2006-2007 community mental health non-Medicaid services allotment
26 reduced by \$35,000,000.00 from its fiscal year 2005-2006 allotment.

27 (2) If any CMHSP subject to the funding reduction outlined in

1 subsection (1) becomes an authority by October 1, 2006, its
2 allotment for community mental health non-Medicaid services shall
3 be increased by \$20,000,000.00 above the level specified in
4 subsection (1).

5 (3) If a CMHSP as described in subsection (1) does not become
6 an authority by July 1, 2007, it is the intent of the legislature
7 to pursue alternative means for its administration, including, but
8 not limited to, behavioral health managed care organizations.

9 Sec. 460. The department, through its organizational units
10 responsible for departmental administration, operation, and
11 finance, shall establish uniform definitions, standards, and
12 instructions for the classification, allocation, assignment,
13 calculation, recording, and reporting of administrative costs by
14 prepaid inpatient health plans (PIHPs), CMHSPs, and contracted
15 organized provider systems that receive payment or reimbursement
16 from funds appropriated under section 104 of part 1. The department
17 shall develop these definitions, standards, and instructions in
18 consultation with representatives of CMHSPs. By April 15, 2007, the
19 department shall provide a written draft of its proposed
20 definitions, standards, and instructions to the house of
21 representatives and senate appropriations subcommittees on
22 community health, the house and senate fiscal agencies, and the
23 state budget director.

24 Sec. 462. The department shall establish a work group
25 comprised of representatives of the department, CMHSPs,
26 legislature, and any other persons considered appropriate to
27 develop a plan to achieve funding equity for all CMHSPs that

1 receive funds appropriated under the community mental health non-
2 Medicaid services line. The funding equity plan shall establish, at
3 a minimum, a payment schedule or scale to ensure that each CMHSP is
4 paid or reimbursed equally based on the recipient's diagnosis or
5 individual plan of service sufficient to meet his or her needs, or
6 both. The department shall submit the written plan to the house of
7 representatives and senate appropriations subcommittees on
8 community health, the house and senate fiscal agencies, and the
9 state budget director by May 31, 2007.

10 Sec. 463. The department shall establish standard program
11 evaluation measures to assess the overall effectiveness of programs
12 provided through coordinating agencies and service providers in
13 reducing and preventing the incidence of substance abuse. The
14 measures established by the department shall be modeled after the
15 program outcome measures and best practice guidelines for the
16 treatment of substance abuse as proposed by the federal substance
17 abuse and mental health services administration.

18 Sec. 465. Funds appropriated in part 1 for respite services
19 shall be used for direct respite care services for children with
20 serious emotional disturbances and their families. Not more than 1%
21 of the funds allocated for respite services shall be expended by
22 CMHSPs for administration and administrative purposes.

23 Sec. 466. (1) From the funds appropriated in part 1 for the
24 medication management pilot project, it is the intent of the
25 legislature that the department, in conjunction with the CMHSPs,
26 support pilot projects that implement empirically supported
27 medication and psychosocial treatment interventions for adults with

1 major depressive disorder. Interventions may include, but are not
2 limited to, the following:

3 (a) Michigan medication management algorithm for major
4 depressive disorder.

5 (b) Cognitive behavioral therapy.

6 (c) Behavioral activation therapy.

7 (2) The expected outcomes of the combination of medication and
8 psychosocial treatment interventions of the pilot project include,
9 but are not limited to, each of the following findings:

10 (a) Determination of the life circumstances that precipitated
11 an episode of major depression.

12 (b) Determination of the coping patterns that maintain and
13 exacerbate major depression.

14 (c) Development of a treatment plan for improving the coping
15 patterns and providing access to more reinforcing life
16 circumstances.

17 (d) A significant reduction in depressive symptoms.

18 (e) Creation of greater immediate gains in symptom reduction
19 and fewer relapses.

20 (f) Increase of consumer education, self-monitoring of
21 symptoms of depression, monitoring of side effects, and the
22 provision of ongoing specialty mental health support and services.

23 (g) Achievement of increased consumer satisfaction and quality
24 of life as measured by social indicators such as competitive
25 employment, educational engagement, independent living, inclusion
26 in community activities, and a reduction in the number of
27 hospitalizations.

1 (3) The pilot project shall also examine the utility and
2 efficacy of an interactive multimedia computer-based medication
3 management and psychosocial treatment intervention that may be used
4 in public mental health outpatient clinics and primary care
5 settings throughout the state.

6 Sec. 467. If funds become available, the department shall
7 increase funding paid from the community substance abuse
8 prevention, education, and treatment programs line item to the
9 substance abuse coordinating agencies to the level of funding
10 provided in fiscal year 2002-2003.

11 STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL
12 DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

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

19 (2) The department shall continue a revenue recapture project
20 to generate additional revenues from third parties related to cases
21 that have been closed or are inactive. Revenues collected through
22 project efforts are appropriated to the department for departmental
23 costs and contractual fees associated with these retroactive
24 collections and to improve ongoing departmental reimbursement
25 management functions.

26 Sec. 602. Unexpended and unencumbered amounts and accompanying

1 expenditure authorizations up to \$1,000,000.00 remaining on
2 September 30, 2007 from the amounts appropriated in part 1 for
3 gifts and bequests for patient living and treatment environments
4 shall be carried forward for 1 fiscal year. The purpose of gifts
5 and bequests for patient living and treatment environments is to
6 use additional private funds to provide specific enhancements for
7 individuals residing at state-operated facilities. Use of the gifts
8 and bequests shall be consistent with the stipulation of the donor.
9 The expected completion date for the use of gifts and bequests
10 donations is within 3 years unless otherwise stipulated by the
11 donor.

12 Sec. 603. The funds appropriated in part 1 for forensic mental
13 health services provided to the department of corrections are in
14 accordance with the interdepartmental plan developed in cooperation
15 with the department of corrections. The department is authorized to
16 receive and expend funds from the department of corrections in
17 addition to the appropriations in part 1 to fulfill the obligations
18 outlined in the interdepartmental agreements.

19 Sec. 604. (1) The CMHSPs or specialty prepaid health plans
20 shall provide annual reports to the department on the following
21 information:

22 (a) The number of days of care purchased from state hospitals
23 and centers.

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

27 (c) The number and type of alternative placements to state

1 hospitals and centers other than private hospitals.

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

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

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

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

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

25 (4) Upon the closure of state-run operations and after
26 transitional costs have been paid, the remaining balances of funds
27 appropriated for that operation shall be transferred to CMHSPs or

1 specialty prepaid health plans responsible for providing services
2 for persons previously served by the operations.

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

12 PUBLIC HEALTH ADMINISTRATION

13 Sec. 650. The department shall communicate the annual public
14 health consumption advisory for sportfish. The department shall, at
15 a minimum, post the advisory on the Internet and make the
16 information in the advisory available to the clients of the women,
17 infants, and children special supplemental nutrition program.

18 Sec. 651. By April 30, 2007, the department shall submit a
19 report to the house and senate fiscal agencies and the state budget
20 director on the activities and efforts of the surgeon general to
21 improve the health status of the citizens of this state with regard
22 to the goals and objectives stated in the "Healthy Michigan 2010"
23 report, and the measurable progress made toward those goals and
24 objectives.

25 HEALTH POLICY, REGULATION AND PROFESSIONS

1 Sec. 704. The department shall continue to work with grantees
2 supported through the appropriation in part 1 for the emergency
3 medical services program 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
8 nursing 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
12 care industry.

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

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

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

6 Sec. 709. The funds appropriated in part 1 for the Michigan
7 essential health care provider program may also provide loan
8 repayment for dentists that fit the criteria established by part 27
9 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

10 Sec. 710. From the funds appropriated in part 1 for primary
11 care services, an amount not to exceed \$1,723,300.00 is
12 appropriated to enhance the service capacity of the federally
13 qualified health centers and other health centers which are similar
14 to federally qualified health centers.

15 Sec. 711. The department may make available to interested
16 entities customized listings of nonconfidential information in its
17 possession, such as names and addresses of licensees. The
18 department may establish and collect a reasonable charge to provide
19 this service. The revenue received from this service shall be used
20 to offset expenses to provide the service. Any balance of this
21 revenue collected and unexpended at the end of the fiscal year
22 shall revert to the appropriate restricted fund.

23 Sec. 712. From the funds appropriated in part 1 for primary
24 care services, \$250,000.00 shall be allocated to free health
25 clinics operating in the state. The department shall distribute the
26 funds equally to each free health clinic. For the purpose of this
27 appropriation, free health clinics are nonprofit organizations that

1 use volunteer health professionals to provide care to uninsured
2 individuals.

3 Sec. 713. The department is directed to continue support of
4 multicultural agencies that provide primary care services from the
5 funds appropriated in part 1.

6 Sec. 714. The department shall report to the legislature on
7 the timeliness of nursing facility complaint investigations and the
8 number of complaints that are substantiated on an annual basis. The
9 report shall consist of the number of complaints filed by consumers
10 and the number of facility-reported incidents. The department shall
11 make every effort to contact every complainant and the subject of a
12 complaint during an investigation.

13 Sec. 715. The department shall maintain existing contractual
14 and funding arrangements to provide testing, certification, and
15 inspection services for emergency medical service providers through
16 December 31, 2006.

17 INFECTIOUS DISEASE CONTROL

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

22 Sec. 802. In developing and implementing AIDS provider
23 education activities, the department may provide funding to the
24 Michigan state medical society to serve as lead agency to convene a
25 consortium of health care providers, to design needed educational
26 efforts, to fund other statewide provider groups, and to assure

1 implementation of these efforts, in accordance with a plan approved
2 by the department.

3 Sec. 803. The department shall continue the AIDS drug
4 assistance program maintaining the prior year eligibility criteria
5 and drug formulary. This section is not intended to prohibit the
6 department from providing assistance for improved AIDS treatment
7 medications. If the appropriation in part 1 is not sufficient to
8 maintain the prior year eligibility criteria and drug formulary,
9 the department may revise the eligibility criteria and drug
10 formulary in a manner that is consistent with federal program
11 guidelines.

12 EPIDEMIOLOGY

13 Sec. 851. From the funds appropriated in part 1 for
14 epidemiology administration, the department shall continue funding
15 the fish advisory.

16 LOCAL HEALTH ADMINISTRATION AND GRANTS

17 Sec. 901. The amount appropriated in part 1 for implementation
18 of the 1993 amendments to sections 9161, 16221, 16226, 17014,
19 17015, and 17515 of the public health code, 1978 PA 368, MCL
20 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and
21 333.17515, shall reimburse local health departments for costs
22 incurred related to implementation of section 17015(18) of the
23 public health code, 1978 PA 368, MCL 333.17015.

24 Sec. 902. If a county that has participated in a district
25 health department or an associated arrangement with other local

1 health departments takes action to cease to participate in such an
2 arrangement after October 1, 2006, the department shall have the
3 authority to assess a penalty from the local health department's
4 operational accounts in an amount equal to no more than 5% of the
5 local health department's local public health operations funding.
6 This penalty shall only be assessed to the local county that
7 requests the dissolution of the health department.

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

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

27 (2) Local public health departments will be held to

1 contractual standards for the services in subsection (1).

2 (3) Distributions in subsection (1) shall be made only to
3 counties that maintain local spending in fiscal year 2006-2007 of
4 at least the amount expended in fiscal year 1992-1993 for the
5 services described in subsection (1).

6 (4) By April 1, 2007, the department shall make available upon
7 request a report to the senate or house of representatives
8 appropriations subcommittee on community health, the senate or
9 house fiscal agency, or the state budget director on the planned
10 allocation of the funds appropriated for local public health
11 operations.

12 Sec. 905. From the funds appropriated in part 1 for local
13 public health operations, \$5,150,000.00 shall be used to continue
14 funding hearing and vision screening services through local public
15 health departments. The extent of services provided shall be
16 similar to the extent of services provided in fiscal year 2004-
17 2005.

18 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

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

24 Sec. 1006. (1) In spending the funds appropriated in part 1
25 for the smoking prevention program, priority shall be given to
26 prevention and smoking cessation programs for pregnant women, women

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1 with young children, and adolescents.

2 (2) For purposes of complying with 2004 PA 164, \$900,000.00 of
3 the funds appropriated in part 1 for the smoking prevention program
4 shall be used for the quit kit program that includes the nicotine
5 patch or nicotine gum.

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

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

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

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

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

<<Sec. 1008. From the funds appropriated in part 1 for the diabetes
and kidney program, \$25,000.00 shall be allocated for a diabetes
management pilot project in Muskegon County.>>

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

23 Sec. 1010. From the funds appropriated in part 1 for chronic
24 disease prevention, \$200,000.00 shall be allocated for osteoporosis
25 prevention and treatment education.

26 Sec. 1019. From the funds appropriated in part 1 for chronic
27 disease prevention, \$50,000.00 may be allocated for stroke

1 prevention, education, and outreach. The objectives of the program
2 shall include education to assist persons in identifying risk
3 factors, and education to assist persons in the early
4 identification of the occurrence of a stroke in order to minimize
5 stroke damage.

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 may be appropriated for the
9 African-American male health initiative.

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

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

19 Sec. 1104. Before April 1, 2007, the department shall submit a
20 report to the house and senate fiscal agencies and the state budget
21 director on planned allocations from the amounts appropriated in
22 part 1 for local MCH services, prenatal care outreach and service
23 delivery support, family planning local agreements, and pregnancy
24 prevention programs. Using applicable federal definitions, the
25 report shall include information on all of the following:

26 (a) Funding allocations.

1 (b) Actual number of women, children, and/or adolescents
2 served and amounts expended for each group for the fiscal year
3 2005-2006.

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
8 serve high-risk population groups; ability to serve low-income
9 clients, where applicable; availability of, and access to, service
10 sites; management efficiency; and ability to meet federal
11 standards, when applicable.

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

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

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

26 (b) Teaches abstinence from sexual activity outside of
27 marriage as 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
7 to have harmful effects.

8 (f) Teaches that bearing children out of wedlock is likely to
9 have 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
13 before engaging in sexual activity.

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

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

23 Sec. 1107. Of the amount appropriated in part 1 for prenatal
24 care outreach and service delivery support, not more than 9% shall
25 be expended for local administration, data processing, and
26 evaluation.

27 Sec. 1108. The funds appropriated in part 1 for pregnancy

1 prevention programs shall not be used to provide abortion
2 counseling, referrals, or services.

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

9 (2) Not later than December 1 of the current fiscal year, the
10 department shall make available upon request a report to the senate
11 or house of representatives appropriations subcommittee on
12 community health or the senate or house of representatives standing
13 committee on health policy the number of individual patients
14 treated, number of procedures performed, and approximate total
15 market value of those procedures through September 30, 2006.

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

21 Sec. 1111. The department shall allocate no less than 88% of
22 the funds appropriated in part 1 for family planning local
23 agreements and the pregnancy prevention program for the direct
24 provision of family planning/pregnancy prevention services.

25 Sec. 1112. From the funds appropriated in part 1 for prenatal
26 care outreach and service delivery support, the department shall
27 allocate at least \$1,000,000.00 to communities with high infant

1 mortality rates.

2 Sec. 1129. The department shall provide a report annually to
3 the house of representatives and senate appropriations
4 subcommittees on community health, the house and senate fiscal
5 agencies, and the state budget director on the number of children
6 with elevated blood lead levels from information available to the
7 department. The report shall provide the information by county,
8 shall include the level of blood lead reported, and shall indicate
9 the sources of the information.

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

13 Sec. 1135. (1) Provision of the school health education
14 curriculum, such as the Michigan model or another comprehensive
15 school health education curriculum, shall be in accordance with the
16 health education goals established by the Michigan model for the
17 comprehensive school health education state steering committee. The
18 state steering committee shall be comprised of a representative
19 from each of the following offices and departments:

20 (a) The department of education.

21 (b) The department of community health.

22 (c) The health administration in the department of community
23 health.

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

26 (e) The department of human services.

27 (f) The department of state police.

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

Sec. 1137. (1) From the funds appropriated in part 1, the department shall allocate an amount not to exceed \$0.00 for a statewide before- or after-school program for elementary-aged children. This allocation shall be distributed via grants to counties based upon demonstrated need. No single county shall receive any more than 20% of the total allocation, and priority for distribution of this funding shall be granted to programs that have secured additional governmental and nongovernmental matching funds.

(2) The department shall share the administrative duties of operating this program with the department of human services and the state board of education.

(3) Funding referenced in subsection (1) shall be reserved for programs that use curriculum focused upon improving academic performance and healthy behavior, including abstinence from abuse of alcohol and drugs.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

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

6 CHILDREN'S SPECIAL HEALTH CARE SERVICES

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

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

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

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

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

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

22 OFFICE OF DRUG CONTROL POLICY

23 Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula
24 grant program funding the department provides to local drug
25 treatment courts, the department shall provide \$1,800,000.00 in

1 Byrne formula grant program funding to the judiciary by
2 interdepartmental grant.

3 **CRIME VICTIM SERVICES COMMISSION**

4 Sec. 1301. (1) Funds appropriated in part 1 for the crime
5 victims services commission and granted to an organization shall
6 not be used by that organization for lobbying as defined in 1978 PA
7 472, MCL 4.411 to 4.431, and shall not be used in an attempt to
8 influence the decisions of the legislature, the governor, or any
9 state agency.

10 (2) The department shall assure that each organization that
11 receives funds appropriated in part 1 for the crime victims
12 services commission to ensure that subsection (1) has not been
13 violated.

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

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

1 OFFICE OF SERVICES TO THE AGING

2 Sec. 1401. The appropriation in part 1 to the office of
3 services to the aging, for community and nutrition services and
4 home services, shall be restricted to eligible individuals at least
5 60 years of age who fail to qualify for home care services under
6 title XVIII, XIX, or XX.

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

10 Determining criteria shall include all of the following:

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

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

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

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

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

23 Sec. 1406. The appropriation of \$5,000,000.00 of merit award
24 trust funds to the office of services to the aging for the respite
25 care program shall be allocated in accordance with a long-term care
26 plan developed by the long-term care working group established in

1 section 1657 of 1998 PA 336 upon implementation of the plan. The
2 use of the funds shall be for direct respite care or adult respite
3 care center services. Not more than 9% of the amount allocated
4 under this section shall be expended for administration and
5 administrative purposes.

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

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

24 MICHIGAN FIRST HEALTHCARE PLAN

25 Sec. 1501. Funds appropriated in part 1 for the Michigan First
26 Healthcare Plan are contingent upon approval of a waiver from the

1 federal government.

2 Sec. 1502. Upon approval of a waiver from the federal
3 government for the Michigan First Healthcare Plan, the department
4 shall ensure that contracts for coverage offered through the plan
5 are competitively bid and that the bidding is open to all health
6 plans regulated under chapter 35 of the insurance code of 1956,
7 1956 PA 218, MCL 500.3501 to 500.3580.

8 **MEDICAL SERVICES**

9 Sec. 1601. The cost of remedial services incurred by residents
10 of licensed adult foster care homes and licensed homes for the aged
11 shall be used in determining financial eligibility for the
12 medically needy. Remedial services include basic self-care and
13 rehabilitation training for a resident.

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

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

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

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

1 Sec. 1604. If an applicant for Medicaid coverage is found to
2 be eligible, the department shall provide payment for all of the
3 Medicaid covered and appropriately authorized services that have
4 been provided to that applicant since the first day of the month in
5 which the applicant filed and the department of human services
6 received the application for Medicaid coverage. Receipt of the
7 application by a local department of human services office is
8 considered the date the application is received. If an application
9 is submitted on the last day of the month and that day falls on a
10 weekend or a holiday and the application is received by the local
11 department of human services office on the first business day
12 following the end of the month, then receipt of the application is
13 considered to have been on the last day of the previous month. As
14 used in this section, "completed application" means an application
15 complete on its face and signed by the applicant regardless of
16 whether the medical documentation required to make an eligibility
17 determination is included.

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

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

27 Sec. 1606. For the purpose of guardian and conservator

1 charges, the department of community health may deduct up to \$60.00
2 per month as an allowable expense against a recipient's income when
3 determining medical services eligibility and patient pay amounts.

4 Sec. 1607. (1) An applicant for Medicaid, whose qualifying
5 condition is pregnancy, shall immediately be presumed to be
6 eligible for Medicaid coverage unless the preponderance of evidence
7 in her application indicates otherwise. The applicant who is
8 qualified as described in this subsection shall be allowed to
9 select or remain with the Medicaid participating obstetrician of
10 her choice.

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

23 (3) In the event that an applicant, presumed to be eligible
24 pursuant to subsection (1), is subsequently found to be ineligible,
25 a Medicaid physician or managed care plan that has been providing
26 pregnancy services to an applicant under this section is entitled
27 to reimbursement for those services until such time as they are

1 notified by the department that the applicant was found to be
2 ineligible for Medicaid.

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

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

11 Sec. 1608. The department shall work with the department of
12 human services to modify Medicaid program policies to permit
13 hospitals to enroll Medicaid-eligible newborn children for Medicaid
14 fee-for-service benefits, if the hospital determines a parent is
15 not able or willing to select a Medicaid HMO.

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

22 Sec. 1611. (1) For care provided to medical services
23 recipients with other third-party sources of payment, medical
24 services reimbursement shall not exceed, in combination with such
25 other resources, including Medicare, those amounts established for
26 medical services-only patients. The medical services payment rate
27 shall be accepted as payment in full. Other than an approved

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

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

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

17 Sec. 1620. (1) For fee-for-service recipients who do not
18 reside in nursing homes, the pharmaceutical dispensing fee shall be
19 \$2.50 or the pharmacy's usual or customary cash charge, whichever
20 is less. For nursing home residents, the pharmaceutical dispensing
21 fee shall be \$2.75 or the pharmacy's usual or customary cash
22 charge, whichever is less.

23 (2) The department shall require a prescription copayment for
24 Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a
25 brand-name drug, except as prohibited by federal or state law or
26 regulation.

27 (3) For fee-for-service recipients, an optional mail order

1 pharmacy program shall be available.

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

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

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

17 (2) The department may negotiate a plan that uses the savings
18 resulting from the services rendered from these programs, in lieu
19 of requiring a supplemental rebate for the inclusion of those
20 participating parties' products on the department's preferred drug
21 list.

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

25 (2) The department shall notify all HMOs, physicians,
26 pharmacies, and other medical providers that are enrolled in the
27 Medicaid program that Medicaid policy allows for the dispensing of

1 a 100-day supply for maintenance drugs.

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

7 Sec. 1625. The department shall continue its practice of
8 placing all atypical antipsychotic medications on the Medicaid
9 preferred drug list.

10 Sec. 1627. (1) The department shall use procedures and rebates
11 amounts specified under section 1927 of title XIX, 42 USC 1396r-8,
12 to secure quarterly rebates from pharmaceutical manufacturers for
13 outpatient drugs dispensed to participants in the MIChild program,
14 maternal outpatient medical services program, children's special
15 health care services, and adult benefit waiver program.

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

19 Sec. 1628. (1) The department shall convene by April 2007 a
20 committee to study the implementation of psychotropic pharmacy
21 administration under Medicare part D for individuals dually
22 enrolled in the Medicare and Medicaid programs. This committee
23 shall study and evaluate the effectiveness of mental health
24 consumer enrollment and medication access through the Medicare part
25 D procedures for pharmaceutical management for dual eligibles.

26 (2) The committee shall include a representative from each of
27 the following organizations: the medical services administration,

1 the office of services to the aging, the department's mental health
2 and substance abuse services division, mental health association of
3 Michigan, national alliance for the mentally ill of Michigan,
4 Michigan psychiatric society, Michigan association of community
5 mental health boards, Michigan pharmacists association, Michigan
6 protection and advocacy service, international association of
7 psychosocial rehabilitation services, and the pharmaceutical
8 industry. The committee shall elect a chairperson who is not
9 employed by state government.

10 (3) The committee shall produce a report by September 30, 2007
11 to the senate and house of representatives appropriations
12 subcommittees on community health and the senate and house fiscal
13 agencies.

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

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

25 (2) The department may implement the bulk purchase of hearing
26 aids, impose limitations on binaural hearing aid benefits, and
27 limit the replacement of hearing aids to once every 3 years.

1 Sec. 1631. (1) The department shall require copayments on
2 dental, podiatric, chiropractic, vision, and hearing aid services
3 provided to Medicaid recipients, except as prohibited by federal or
4 state law or regulation.

5 (2) Except as otherwise prohibited by federal or state law or
6 regulations, the department shall require Medicaid recipients to
7 pay the following copayments:

8 (a) Two dollars for a physician office visit.

9 (b) Three dollars for a hospital emergency room visit.

10 (c) Fifty dollars for the first day of an in-patient hospital
11 stay.

12 (d) One dollar for an out-patient hospital visit.

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

17 Sec. 1634. From the funds appropriated in part 1 for ambulance
18 services, the department shall continue the 5% increase in payment
19 rates for ambulance services implemented in fiscal year 2000-2001
20 and increase the ground mileage reimbursement rate per statute mile
21 to \$4.25.

22 Sec. 1635. From the funds appropriated in part 1 for physician
23 services and health plan services, \$6,910,800.00, of which
24 \$3,000,000.00 is general fund/general purpose funds, shall be
25 allocated to increase Medicaid reimbursement rates for obstetrical
26 services.

27 Sec. 1637. (1) All adult Medicaid recipients shall be offered

1 the opportunity to sign a Medicaid personal responsibility
2 agreement.

3 (2) The personal responsibility agreement shall include at
4 minimum the following provisions:

5 (a) That the recipient shall not smoke.

6 (b) That the recipient shall attend all scheduled medical
7 appointments.

8 (c) That the recipient shall exercise regularly.

9 (d) That if the recipient has children, those children shall
10 be up-to-date on their immunizations.

11 (e) That the recipient shall abstain from abusing controlled
12 substances and narcotics.

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

17 Sec. 1643. Of the funds appropriated in part 1 for graduate
18 medical education in the hospital services and therapy line item
19 appropriation, not less than \$10,359,000.00 shall be allocated for
20 the psychiatric residency training program that establishes and
21 maintains collaborative relations with the schools of medicine at
22 Michigan State University and Wayne State University if the
23 necessary allowable Medicaid matching funds are provided by the
24 universities.

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

1 on April 1, 2005.

2 Sec. 1648. The department shall maintain an automated toll-
3 free phone line to enable medical providers to verify the
4 eligibility status of Medicaid recipients. There shall be no charge
5 to providers for the use of the toll-free phone line.

6 Sec. 1649. From the funds appropriated in part 1 for medical
7 services, the department shall continue breast and cervical cancer
8 treatment coverage for women up to 250% of the federal poverty
9 level, who are under age 65, and who are not otherwise covered by
10 insurance. This coverage shall be provided to women who have been
11 screened through the centers for disease control breast and
12 cervical cancer early detection program, and are found to have
13 breast or cervical cancer, pursuant to the breast and cervical
14 cancer prevention and treatment act of 2000, Public Law 106-354,
15 114 Stat. 1381.

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

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

27 (3) The criteria for medical exceptions to HMO enrollment

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

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

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

19 Sec. 1652. The department shall work with the department of
20 human services to provide Medicaid HMOs, on a monthly basis, with a
21 list of covered recipients enrolled in that HMO who are scheduled
22 for redetermination of program status.

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

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

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

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

5 (c) Mandatory enrollment of Medicaid beneficiaries living in
6 counties defined as rural by the federal government, which is any
7 nonurban standard metropolitan statistical area, is allowed if
8 there is only 1 HMO serving the Medicaid population, as long as
9 each Medicaid beneficiary is assured of having a choice of at least
10 2 physicians by the HMO.

11 (d) Enrollment of recipients of children's special health care
12 services in HMOs shall be voluntary during the fiscal year.

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

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

27 Sec. 1655. (1) The department may require a 12-month lock-in

1 to the HMO selected by the recipient during the initial and
2 subsequent open enrollment periods, but allow for good cause
3 exceptions during the lock-in period.

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

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

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

15 (3) Annual reports summarizing the problems and complaints
16 reported and their resolution shall be provided to the house of
17 representatives and senate appropriations subcommittees on
18 community health, the house and senate fiscal agencies, and the
19 state budget office.

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

27 (2) If the treating hospital determines that the recipient

1 will require further medical service or hospitalization beyond the
2 point of stabilization, that hospital must receive authorization
3 from the recipient's HMO prior to admitting the recipient.

4 (3) Subsections (1) and (2) shall not be construed as a
5 requirement to alter an existing agreement between an HMO and their
6 contracting hospitals nor as a requirement that an HMO must
7 reimburse for services that are not considered to be medically
8 necessary.

9 (4) Prior to contracting with an HMO for managed care services
10 that did not have a contract with the department before October 1,
11 2002, the department shall receive assurances from the office of
12 financial and insurance services that the HMO meets the net worth
13 and financial solvency requirements contained in chapter 35 of the
14 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

15 Sec. 1658. (1) HMOs shall have contracts with hospitals within
16 a reasonable distance from their enrollees. If a hospital does not
17 contract with the HMO, in its service area, that hospital shall
18 enter into a hospital access agreement as specified in the MSA
19 bulletin Hospital 01-19.

20 (2) A hospital access agreement specified in subsection (1)
21 shall be considered an affiliated provider contract pursuant to the
22 requirements contained in chapter 35 of the insurance code of 1956,
23 1956 PA 218, MCL 500.3501 to 500.3580.

24 Sec. 1659. The following sections of this act are the only
25 ones that shall apply to the following Medicaid managed care
26 programs, including the comprehensive plan, children's special
27 health care services plan, MIChoice long-term care plan, and the

1 mental health, substance abuse, and developmentally disabled
2 services program: 401, 402, 404, 411, 414, 418, 424, 428, 456,
3 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662,
4 1666, 1699, and 1700.

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

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

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

25 (4) The department shall require HMOs to be responsible for
26 well child visits and maternal and infant support services as
27 described in Medicaid policy. These responsibilities shall be

1 specified in the information distributed by the HMOs to their
2 members.

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

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

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

22 (3) The department shall assure the coordination of MSS/ISS
23 services with the WIC program, state-supported substance abuse,
24 smoking prevention, and violence prevention programs, the
25 department of human services, and any other state or local program
26 with a focus on preventing adverse birth outcomes and child abuse
27 and neglect.

1 Sec. 1662. (1) The department shall assure that an external
2 quality review of each contracting HMO is performed that results in
3 an analysis and evaluation of aggregated information on quality,
4 timeliness, and access to health care services that the HMO or its
5 contractors furnish to Medicaid beneficiaries.

6 (2) The department shall provide a copy of the analysis of the
7 Medicaid HMO annual audited health employer data and information
8 set reports and the annual external quality review report to the
9 senate and house of representatives appropriations subcommittees on
10 community health, the senate and house fiscal agencies, and the
11 state budget director, within 30 days of the department's receipt
12 of the final reports from the contractors.

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

17 (4) The department shall assure that training and technical
18 assistance are available for EPSDT and MSS/ISS for Medicaid health
19 plans, local health departments, and MSS/ISS contractors.

20 Sec. 1666. To increase timely repayment of the maternity case
21 rate to health plans and reduce the need to recover revenue from
22 hospitals, the department shall implement system changes to assure
23 that children who are born to mothers who are Medicaid eligible and
24 enrolled in health plans are within 30 days after birth included in
25 the Medicaid eligibility file and enrolled in the same health plan
26 as the mother or any other health plan designated by the mother.

27 Sec. 1670. (1) The appropriation in part 1 for the MICHild

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

15 (2) The department may provide up to 1 year of continuous
16 eligibility to children eligible for the MICHild program unless the
17 family fails to pay the monthly premium, a child reaches age 19, or
18 the status of the children's family changes and its members no
19 longer meet the eligibility criteria as specified in the federally
20 approved MICHild state plan.

21 (3) Children whose category of eligibility changes between the
22 Medicaid and MICHild programs shall be assured of keeping their
23 current health care providers through the current prescribed course
24 of treatment for up to 1 year, subject to periodic reviews by the
25 department if the beneficiary has a serious medical condition and
26 is undergoing active treatment for that condition.

27 (4) To be eligible for the MICHild program, a child must be

1 residing in a family with an adjusted gross income of less than or
2 equal to 200% of the federal poverty level. The department's
3 verification policy shall be used to determine eligibility.

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

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

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

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

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

23 Sec. 1671. From the funds appropriated in part 1, the
24 department shall continue a comprehensive approach to the marketing
25 and outreach of the MICHild program. The marketing and outreach
26 required under this section shall be coordinated with current
27 outreach, information dissemination, and marketing efforts and

1 activities conducted by the department.

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

6 (2) The department shall not require copayments under the
7 MIChild program.

8 Sec. 1680. (1) Payment increases for enhanced wages and new or
9 enhanced employee benefits provided in previous years through the
10 Medicaid nursing home wage pass-through program shall be continued
11 in fiscal year 2006-2007.

12 (2) The department shall not implement any increase or
13 decrease in the Medicaid nursing home wage pass-through program in
14 fiscal year 2005-2006.

15 Sec. 1681. From the funds appropriated in part 1 for home- and
16 community-based services, the department and local waiver agents
17 shall encourage the use of family members, friends, and neighbors
18 of home and community-based services participants, where
19 appropriate, to provide homemaker services, meal preparation,
20 transportation, chore services, and other nonmedical covered
21 services to participants in the Medicaid home- and community-based
22 services program. This section shall not be construed as allowing
23 for the payment of family members, friends, or neighbors for these
24 services unless explicitly provided for in federal or state law.

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

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

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

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

18 Sec. 1684. (1) Of the funds appropriated in part 1 for the
19 Medicaid home- and community-based services waiver program, the
20 payment rate allocated for administrative expenses shall be reduced
21 by \$2.00 per person per day.

22 (2) The savings realized from the reduced administrative rate
23 shall be reallocated to increase enrollment in the waiver program
24 and to provide direct services to eligible program participants.

25 (3) The department shall provide a report to the house of
26 representatives and senate appropriations subcommittees on
27 community health and the house of representatives and senate fiscal

1 agencies on the number of nursing home patients discharged who are
2 subsequently enrolled in the Medicaid home- and community-based
3 services waiver program, and the associated cost savings.

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

14 Sec. 1686. (1) The department shall submit a report by April
15 30, 2007, to the house of representatives and senate appropriations
16 subcommittees on community health and the house of representatives
17 and senate fiscal agencies on the progress of 3 Medicaid long-term
18 care single point of entry services pilot projects. The department
19 shall also submit a final plan to the house of representatives and
20 senate subcommittees on community health and the house of
21 representatives and senate fiscal agencies 60 days prior to any
22 expansion of the program.

23 (2) As used in this section, "single point of entry" means a
24 system that enables consumers to access Medicaid long-term care
25 services and supports through 1 agency or organization and that
26 promotes consumer education and choice of long-term care options.

27 Sec. 1687. (1) From the funds appropriated in part 1 for long-

1 term care services, the department shall contract with a stand
2 alone psychiatric facility that provides at least 20% of its total
3 care to Medicaid recipients to provide access to Medicaid
4 recipients who require specialized Alzheimer's disease or dementia
5 care.

6 (2) The department shall report to the senate and house
7 appropriations subcommittees on community health and the senate and
8 house fiscal agencies on the effectiveness of the contract required
9 under subsection (1) to improve the quality of services to Medicaid
10 recipients.

11 Sec. 1688. The department shall not impose a limit on per unit
12 reimbursements to service providers that provide personal care or
13 other services under the Medicaid home- and community-based
14 services waiver program for the elderly and disabled. The
15 department's per day per client reimbursement cap calculated in the
16 aggregate for all services provided under the Medicaid home- and
17 community-based services waiver is not a violation of this section.

18 Sec. 1689. (1) Priority in enrolling additional persons in the
19 Medicaid home- and community-based services waiver program shall be
20 given to those who are currently residing in nursing homes or who
21 are eligible to be admitted to a nursing home if they are not
22 provided home- and community-based services. The department shall
23 implement screening and assessment procedures to assure that no
24 additional Medicaid eligible persons are admitted to nursing homes
25 who would be more appropriately served by the Medicaid home- and
26 community-based services waiver program. If there is a net decrease
27 in the number of Medicaid nursing home days of care during the most

1 recent quarter in comparison with the previous quarter and a net
2 cost savings attributable to moving individuals from a nursing home
3 to the home- and community-based services waiver program, the
4 department shall transfer the net cost savings to the home- and
5 community-based services waiver program. If a transfer is required,
6 it shall be done on a quarterly basis.

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

16 Sec. 1690. The department shall establish an estate
17 preservation program as recommended by the Michigan Medicaid long-
18 term care task force.

19 Sec. 1691. (1) From the funds appropriated in part 1 for the
20 wage increase for adult home help employees, the department, in
21 conjunction with the department of human services, shall raise
22 wages for all adult home help employees by at least 55 cents per
23 hour and shall impose a minimum floor payment rate of \$6.10 per
24 hour.

25 (2) The wage increases referenced in subsection (1) shall take
26 effect on October 1, 2006.

27 Sec. 1692. (1) The department of community health is

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

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

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

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

26 Sec. 1694. The department of community health shall distribute
27 \$695,000.00 to children's hospitals that have a high indigent care

1 volume. The amount to be distributed to any given hospital shall be
2 based on a formula determined by the department of community
3 health.

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

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

16 Sec. 1699. The department may make separate payments directly
17 to qualifying hospitals serving a disproportionate share of
18 indigent patients in the amount of \$50,000,000.00, and to hospitals
19 providing graduate medical education training programs. If direct
20 payment for GME and DSH is made to qualifying hospitals for
21 services to Medicaid clients, hospitals will not include GME costs
22 or DSH payments in their contracts with HMOs.

23 Sec. 1701. The department shall make available to Medicaid
24 providers and HMOs an online resource that will list enrollment and
25 benefits information for each Medicaid recipient. This resource
26 shall be made available to providers and HMOs at no charge.

27 Sec. 1710. Any proposed changes by the department to the

1 MIChoice home- and community-based services waiver program
2 screening process shall be provided to the members of the house and
3 senate appropriations subcommittees on community health prior to
4 implementation of the proposed changes.

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

9 (a) Payments by case and in the aggregate shall not exceed 70%
10 of Medicare payment rates.

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

15 (2) To ensure that total expenditures stay within the spending
16 constraints of subsection (1)(b), the department shall develop a
17 utilization adjustor for the basic 2-tier payment methodology. The
18 adjustor shall be based on a good faith estimate by the department
19 as to what the expected utilization of emergency room services will
20 be during fiscal year 2006-2007, given changes in the number and
21 category of Medicaid recipients. If expenditure and utilization
22 data indicate that the amount and/or type of emergency physician
23 professional services are exceeding the department's estimate, the
24 utilization adjustor shall be applied to the 2-tier reimbursement
25 methodology in such a manner as to reduce aggregate expenditures to
26 the fiscal year 2001-2002 adjusted expenditure target.

27 Sec. 1712. (1) Subject to the availability of funds, the

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

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

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

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

24 (3) This study shall be provided to the senate and house
25 appropriations subcommittees on community health and the senate and
26 house fiscal agencies no later than April 1, 2007.

27 Sec. 1717. (1) The department shall create 2 pools for

1 distribution of disproportionate share hospital funding. The first
2 pool, totaling \$45,000,000.00, shall be distributed using the
3 distribution methodology used in fiscal year 2003-2004. The second
4 pool, totaling \$5,000,000.00, shall be distributed to unaffiliated
5 hospitals and hospital systems that received less than \$900,000.00
6 in disproportionate share hospital payments in fiscal year 2003-
7 2004 based on a formula that is weighted proportional to the
8 product of each eligible system's Medicaid revenue and each
9 eligible system's Medicaid utilization.

10 (2) By September 30, 2007, the department shall report to the
11 senate and house appropriations subcommittees on community health
12 and the senate and house fiscal agencies on the new distribution of
13 funding to each eligible hospital from the 2 pools.

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

26 Sec. 1720. The department shall continue its Medicare recovery
27 program.

1 Sec. 1721. The department shall conduct a review of Medicaid
2 eligibility pertaining to funds prepaid to a nursing home or other
3 health care facility that are subsequently returned to an
4 individual who becomes Medicaid eligible and shall report its
5 findings to the members of the house and senate appropriations
6 subcommittees on community health and the house and senate fiscal
7 agencies not later than May 15, 2007. Included in its report shall
8 be recommendations for policy and procedure changes regarding
9 whether any funds prepaid to a nursing home or other health care
10 facility that are subsequently returned to an individual, after the
11 date of Medicaid eligibility and patient pay amount determination,
12 shall be considered as a countable asset and recommendations for a
13 mechanism for departmental monitoring of those funds.

14 Sec. 1722. (1) From the funds appropriated in part 1 for
15 special adjustor and special DSH payments, the department is
16 authorized to make a disproportionate share payment of
17 \$33,167,700.00 for health services provided by Hutzel Hospital,
18 \$17,903,200.00 for health services previously funded through the
19 higher education appropriations act, and \$2,310,000.00 for the
20 Michigan State University institute for health care studies.

21 (2) The funding authorized under subsection (1) shall only be
22 expended if the necessary Medicaid matching funds are provided by,
23 or on behalf of, the hospital as allowable state match.

24 Sec. 1724. The department shall allow licensed pharmacies to
25 purchase injectable drugs for the treatment of respiratory
26 syncytial virus for shipment to physicians' offices to be
27 administered to specific patients. If the affected patients are

1 Medicaid eligible, the department shall reimburse pharmacies for
2 the dispensing of the injectable drugs and reimburse physicians for
3 the administration of the injectable drugs.

4 Sec. 1725. The department shall continue to work with the
5 department of human services to reduce Medicaid eligibility errors
6 related to basic eligibility requirements and income requirements.

7 Sec. 1726. Any clinical laboratory performing a creatinine
8 test on a Medicaid client shall report the glomerular filtration
9 rate (eGFR) of the patient and shall report it as a percent of
10 kidney function remaining.

11 Sec. 1728. The department shall make available to qualifying
12 Medicaid recipients, not based on Medicare guidelines,
13 freestanding, electric, lifting, and transferring devices.

14 Sec. 1731. (1) Subject to subsection (2), the department shall
15 establish an asset test to determine Medicaid eligibility for
16 individuals who are parents, caretaker relatives, or individuals
17 between the ages of 18 and 21 and who are not required to be
18 covered under federal Medicaid requirements.

19 (2) Regardless of the results of the asset test established
20 under subsection (1), an individual who is between the ages of 18
21 and 21 and is not required to be covered under the federal Medicaid
22 requirements is not eligible for the state Medicaid program if his
23 or her parent, parents, or legal guardian has health care coverage
24 for him or her or has access to health care coverage for him or
25 her.

26 Sec. 1732. The department shall assure that, if proposed
27 modifications to the quality assurance assessment program for

1 nursing homes are not implemented, the projected general
2 fund/general purpose savings shall not be achieved through
3 reductions in nursing home reimbursement rates.

4 Sec. 1733. The department shall seek a Medicaid waiver from
5 the federal government that will permit the state to provide
6 financial support for electronic prescribing and other health
7 information technology initiatives. The structure of this program
8 shall be similar to waiver proposals submitted by other states to
9 the federal centers for Medicare and Medicaid services that would
10 invest identified prior year federal Medicaid savings generated
11 through a managed care waiver program into health information
12 technology initiatives.

13 Sec. 1734. The department shall seek a waiver from the federal
14 government that will permit the state to provide financial
15 incentives for positive health behavior practiced by Medicaid
16 recipients. The structure of this waiver shall be similar to
17 approved programs in other states that authorize monetary rewards
18 to be deposited in individual accounts for Medicaid recipients who
19 demonstrate positive changes in health behavior.

20 Sec. 1735. (1) The department shall establish a committee that
21 will attempt to identify possible Medicaid program savings
22 associated with the creation of a preferred provider program for
23 durable medical equipment.

24 (2) This committee shall include, at minimum, representatives
25 from each of the contracted Medicaid HMOs, the medical services
26 administration, the Michigan state medical society, the Michigan
27 osteopathic society, the Michigan home health association, and the

1 Michigan health and hospital association.

2 (3) By April 1, 2007, the committee shall report to the senate
3 and house of representatives subcommittees on community health, the
4 state budget director, and the department on possible durable
5 medical equipment contracting opportunities and anticipated
6 Medicaid program savings.

7 Sec. 1736. (1) The department shall set targets for compliance
8 and collect the following information from each Medicaid HMO:

9 (a) The percent of Medicaid HMO clients who fill
10 prescriptions.

11 (b) The appointment no-show rate for Medicaid HMO patients.

12 (c) The percent of Medicaid HMO clients who use their
13 medication.

14 (2) The department shall establish payment incentives for
15 Medicaid HMOs that reach their targets.

16 Sec. 1737. (1) The department shall adjust current copayments
17 and premiums pursuant to changes in federal law in order to
18 increase savings from copayments and premiums by \$5,000,000.00
19 general fund/general purpose.

20 (2) Residents of adult foster care facilities shall be exempt
21 from any copayment or premium increases.

22 Sec. 1738. (1) The department shall explore ways to increase
23 the federal disproportionate share hospital cap.

24 (2) If the disproportionate share hospital cap is increased,
25 the department shall consider increasing funding for county health
26 plans and shall consider disproportionate share hospital payments
27 to trauma centers.

1 Sec. 1739. The department shall determine the 10 most
2 expensive ailments affecting Medicaid recipients and shall
3 establish medical outcome targets for each of those ailments. The
4 department may use indicators that recipients are successfully
5 managing chronic disease, measures of recipient compliance with
6 treatment plans, and studies of the proportion of Medicaid
7 providers who follow established best practices in treating chronic
8 disease as possible medical outcome measures. The department shall
9 make bonus payments available to Medicaid HMOs that meet these
10 outcome targets.

11 Sec. 1740. From the funds appropriated in part 1 for health
12 plan services, the department shall assure that all GME funds are
13 promptly distributed to qualifying hospitals using a methodology
14 developed in consultation with the graduate medical education
15 advisory group. The advisory group shall include representatives of
16 the Michigan health and hospital association and Michigan
17 association of health plans. If the department and the advisory
18 group are unable to reach a consensus on the distribution
19 methodology, the department shall initiate a legislative transfer
20 to transfer the GME funds from health plan services to hospital
21 services and therapy and distribute the GME funds using the
22 mechanism in place for fiscal year 2005-2006.

23 Sec. 1741. The department shall continue to provide nursing
24 homes the opportunity to receive interim payments upon their
25 request. The department shall make efforts to ensure that the
26 interim payments are as similar to expected cost-settled payments
27 as possible.

1 Sec. 1742. The department shall allow the retention of
2 \$1,000,000.00 in special Medicaid reimbursement funding by any
3 public hospital that meets each of the following criteria:

4 (a) The hospital participates in the intergovernmental
5 transfers.

6 (b) The hospital is not affiliated with a university.

7 (c) The hospital provides surgical services.

8 (d) The hospital has at least 10,000 Medicaid bed days.

9 Sec. 1743. The department shall consult with nursing home
10 providers to develop a budget-neutral proposal which will increase
11 the current asset value for nursing homes to a level which reflects
12 current costs and encourages providers to rebuild or remodel aged
13 facilities.