

# SENATE BILL No. 1101

February 13, 2002, Introduced by Senators Gougeon, Schwarz, Johnson and Smith and referred to the Committee on Appropriations.

## EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of community health and certain state purposes related to aging, mental health, public health, and medical services for the fiscal year ending September 30, 2003; to provide for the expenditure of such appropriations; to create funds; to 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:**

PART 1

LINE-ITEM APPROPRIATIONS

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1       Sec. 101. Subject to the conditions set forth in this bill,  
2 the amounts listed in this part are appropriated for the  
3 department of community health for the fiscal year ending  
4 September 30, 2003, from the funds indicated in this part. The  
5 following is a summary of the appropriations in this part:

6 **DEPARTMENT OF COMMUNITY HEALTH**

7 APPROPRIATION SUMMARY:

8	Full-time equated unclassified positions	6.0	
9	Full-time equated classified positions	5,666.3	
10	Average population . . . . .	1,438.0	
11	GROSS APPROPRIATION . . . . .		\$ 9,155,663,900
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and		
14	intradepartmental transfers . . . . .		69,172,900
15	ADJUSTED GROSS APPROPRIATION . . . . .		\$ 9,086,491,000
16	Federal revenues:		
17	Total federal revenues . . . . .		4,801,713,100
18	Special revenue funds:		
19	Total local revenues . . . . .		1,065,265,900
20	Total private revenues . . . . .		63,122,600
21	Total local and private revenues . . . . .		1,128,388,500
22	Tobacco settlement revenue . . . . .		70,768,200
23	Total other state restricted revenues . . . . .		522,560,000
24	State general fund/general purpose . . . . .		\$ 2,563,061,200

25 **Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

26	Full-time equated unclassified positions	6.0	
27	Full-time equated classified positions	343.5	
28	Director and other unclassified--6.0 FTE . . . . .		

1	positions . . . . .	\$	581,500
2	Community health advisory council . . . . .		28,900
3	Departmental administration and management--319.7		
4	FTE positions . . . . .		26,969,200
5	Certificate of need program administration--13.0		
6	FTE positions . . . . .		944,800
7	Workers' compensation program . . . . .		12,448,000
8	Rent and building occupancy . . . . .		9,020,100
9	Developmental disabilities council and		
10	projects--9.0 FTE positions . . . . .		2,743,600
11	Rural health services . . . . .		726,000
12	Michigan essential health care provider . . . . .		1,449,100
13	Palliative and hospice care . . . . .		316,200
14	Primary care services--1.8 FTE positions . . . . .		<u>2,890,500</u>
15	GROSS APPROPRIATION . . . . .	\$	58,117,900

16 Appropriated from:

17 Interdepartmental grant revenues:

18	Interdepartmental grant from the department of treasury,		
19	Michigan state hospital finance authority . . . . .		101,600

20 Federal revenues:

21	Total federal revenues . . . . .		14,786,000
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22 Special revenue funds:

23	Total private revenues . . . . .		185,900
24	Total other state restricted revenues . . . . .		3,857,100
25	State general fund/general purpose . . . . .	\$	39,187,300

26 **Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**

27 **ADMINISTRATION AND SPECIAL PROJECTS**

28	Full-time equated classified positions	101.0
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1	Mental health/substance abuse program	
2	administration--101.0 FTE positions . . . . .	\$ 10,172,600
3	Consumer involvement program . . . . .	189,100
4	Gambling addiction . . . . .	3,500,000
5	Protection and advocacy services support . . . . .	818,300
6	Mental health initiatives for older persons . . . . .	1,165,800
7	Community residential and support services . . . . .	4,473,600
8	Highway safety projects . . . . .	1,837,200
9	Federal and other special projects . . . . .	<u>1,977,200</u>
10	GROSS APPROPRIATION . . . . .	\$ 24,133,800
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues: . . . . .	5,813,100
14	Special revenue funds:	
15	Total private revenues . . . . .	190,000
16	Total other state restricted revenues . . . . .	3,682,300
17	State general fund/general purpose . . . . .	\$ 14,448,400
18	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
19	<b>PROGRAMS</b>	
20	Full-time equated classified positions . . . . .	2.0
21	Medicaid mental health services . . . . .	\$1,340,850,700
22	Community mental health non-Medicaid services . . . . .	258,930,200
23	Multicultural services . . . . .	3,163,800
24	Medicaid substance abuse services . . . . .	26,127,500
25	Respite services . . . . .	3,318,600
26	CMHSP, purchase of state services contracts . . . . .	165,813,900
27	Civil service charges . . . . .	2,606,400
28	Federal mental health block grant--2.0 FTE	

1	positions . . . . .	15,317,400
2	State disability assistance program substance	
3	abuse services . . . . .	6,600,000
4	Community substance abuse prevention, education	
5	and treatment programs . . . . .	<u>79,740,400</u>
6	GROSS APPROPRIATION . . . . .	\$1,902,468,900
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues . . . . .	841,357,000
10	Special revenue funds:	
11	Total other state restricted revenues . . . . .	6,042,400
12	State general fund/general purpose . . . . .	\$1,055,069,500
13	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS</b>	
14	<b>WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL</b>	
15	<b>HEALTH SERVICES</b>	
16	Total average population . . . . .	1,438.0
17	Full-time equated classified positions	4,289.0
18	Caro regional mental health center-psychiatric	
19	hospital-adult--498.0 FTE positions . . . . .	\$ 39,828,900
20	Average population . . . . .	184.0
21	Kalamazoo psychiatric hospital-adult--402.0 FTE	
22	positions . . . . .	29,559,400
23	Average population . . . . .	136.0
24	Northville psychiatric hospital-adult--844.0 FTE	
25	positions . . . . .	65,451,800
26	Average population . . . . .	377.0
27	Walter P. Reuther psychiatric hospital-adult--440.0	
28	FTE positions . . . . .	35,332,500

1	Average population . . . . .	232.0	
2	Hawthorn center-psychiatric hospital-children		
3	and adolescents--333.0 FTE positions . . . . .		24,627,200
4	Average population . . . . .	118.0	
5	Mount Pleasant center-developmental disabilities--		
6	498.0 FTE positions . . . . .		36,883,300
7	Average population . . . . .	181.0	
8	Center for forensic psychiatry--522.0 FTE positions		41,835,500
9	Average population . . . . .	210.0	
10	Forensic mental health services provided to the		
11	department of corrections--741.0 FTE positions		68,088,700
12	Revenue recapture . . . . .		750,000
13	IDEA, federal special education . . . . .		120,000
14	Special maintenance and equipment . . . . .		947,800
15	Purchase of medical services for residents of		
16	hospitals and centers . . . . .		1,358,200
17	Closed site, transition, and related costs--11.0		
18	FTE positions . . . . .		1,066,900
19	Severance pay . . . . .		216,900
20	Gifts and bequests for patient living and treatment		
21	environment . . . . .		<u>500,000</u>
22	GROSS APPROPRIATION . . . . .		\$ 346,567,100
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	Interdepartmental grant from the department of		
26	corrections . . . . .		68,088,700
27	Federal revenues:		
28	Total federal revenues . . . . .		33,145,700

1	Special revenue funds:		
2	CMHSP, purchase of state services contracts . . . . .	165,813,900	
3	Other local revenues . . . . .	25,958,300	
4	Total private revenues . . . . .	500,000	
5	Total other state restricted revenues . . . . .	10,396,000	
6	State general fund/general purpose . . . . .	\$ 42,664,500	
7	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>		
8	Full-time equated classified positions . 81.3		
9	Executive administration--12.0 FTE positions .	\$ 1,129,200	
10	Minority health grants and contracts . . . . .	989,100	
11	Vital records and health statistics--69.3 FTE		
12	positions . . . . .	<u>5,610,500</u>	
13	GROSS APPROPRIATION . . . . .	\$ 7,728,800	
14	Appropriated from:		
15	Interdepartmental grant revenues:		
16	Interdepartmental grant from family independence		
17	agency . . . . .	447,800	
18	Federal revenues:		
19	Total federal revenues . . . . .	2,045,100	
20	Special revenue funds:		
21	Total other state restricted revenues . . . . .	2,432,200	
22	State general fund/general purpose . . . . .	\$ 2,803,700	
23	<b>Sec. 107. INFECTIOUS DISEASE CONTROL</b>		
24	Full-time equated classified positions . 44.3		
25	AIDS prevention, testing and care programs--9.8 FTE		
26	positions . . . . .	\$ 27,608,300	
27	Immunization local agreements . . . . .	13,990,300	
28	Immunization program management and field		

1	support--7.7 FTE positions . . . . .	1,699,600
2	Sexually transmitted disease control local	
3	agreements . . . . .	3,541,700
4	Sexually transmitted disease control management and	
5	field support--26.8 FTE positions . . . . .	<u>3,503,500</u>
6	GROSS APPROPRIATION . . . . .	\$ 50,343,400

7 Appropriated from:

8 Federal revenues:

9	Total federal revenues . . . . .	36,057,700
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10 Special revenue funds:

11	Total private revenues . . . . .	1,847,000
12	Total other state restricted revenues . . . . .	7,550,000
13	State general fund/general purpose . . . . .	\$ 4,888,700

14 **Sec. 108. LABORATORY SERVICES**

15 Full-time equated classified positions 113.2

16	Laboratory services--113.2 FTE positions . . . . .	<u>\$ 13,326,700</u>
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17	GROSS APPROPRIATION . . . . .	\$ 13,326,700
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18 Appropriated from:

19 Interdepartmental grant revenues:

20	Interdepartmental grant from environmental	
21	quality . . . . .	392,100

22 Federal revenues:

23	Total federal revenues . . . . .	3,411,100
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24 Special revenue funds:

25	Total other state restricted revenues . . . . .	3,131,300
26	State general fund/general purpose . . . . .	\$ 6,392,200

27 **Sec. 109. EPIDEMIOLOGY**

28 Full-time equated classified positions . 64.5



1	AIDS surveillance and prevention program--7.0 FTE	
2	positions . . . . .	\$ 1,772,800
3	Bioterrorism preparedness--33.0 FTE positions .	9,503,400
4	Epidemiology administration--24.5 FTE positions	6,298,900
5	Tuberculosis control and recalcitrant AIDS	
6	program . . . . .	<u>867,000</u>
7	GROSS APPROPRIATION . . . . .	\$ 18,442,100
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues . . . . .	15,936,100
11	Special revenue funds:	
12	Total other state restricted revenues . . . . .	179,000
13	State general fund/general purpose . . . . .	\$ 2,327,000
14	<b>Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
15	Full-time equated classified positions . 3.0	
16	Implementation of 1933 PA 133, MCL 333.17015 .	\$ 100,000
17	Lead abatement program--3.0 FTE positions . . .	1,550,200
18	Local health services . . . . .	462,300
19	Local public health operations . . . . .	41,070,200
20	Medical services cost reimbursement to local	
21	health departments . . . . .	<u>1,500,000</u>
22	GROSS APPROPRIATION . . . . .	\$ 44,682,700
23	Appropriated from:	
24	Federal revenues:	
25	Total federal revenues . . . . .	2,952,900
26	Special revenue funds:	
27	Total other state restricted revenues . . . . .	340,800
28	State general fund/general purpose . . . . .	\$ 41,389,000

1	<b>Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH</b>	
2	<b>PROMOTION</b>	
3	Full-time equated classified positions . 30.7	
4	AIDS and risk reduction clearinghouse and media	
5	campaign . . . . .	\$ 1,576,000
6	Alzheimer's information network . . . . .	440,000
7	Cancer prevention and control program--13.6	
8	FTE positions . . . . .	13,581,400
9	Chronic disease prevention . . . . .	1,767,400
10	Diabetes and kidney program--8.0 FTE positions	4,305,700
11	Health education, promotion, and research	
12	programs--2.9 FTE positions . . . . .	1,352,800
13	Injury control intervention project . . . . .	925,000
14	Morris Hood Wayne State University diabetes	
15	outreach . . . . .	500,000
16	Physical fitness, nutrition, and health . . . . .	1,500,000
17	Public health traffic safety coordination . . . . .	650,000
18	Smoking prevention program--6.2 FTE positions . . . . .	5,544,700
19	Tobacco tax collection and enforcement . . . . .	810,000
20	Violence prevention . . . . .	<u>1,446,900</u>
21	GROSS APPROPRIATION . . . . .	\$ 34,399,900
22	Appropriated from:	
23	Federal revenues:	
24	Total federal funds . . . . .	15,203,200
25	Special revenue funds:	
26	Total other state restricted revenues . . . . .	17,882,300
27	State general fund/general purpose . . . . .	\$ 1,314,400
28	<b>Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES</b>	

1	Full-time equated classified positions . . . . .	84.0	
2	Abstinence and pregnancy prevention program . . . . .		\$ 9,146,100
3	Childhood lead program--5.0 FTE positions . . . . .		1,412,200
4	Children's waiver home care program . . . . .		22,828,400
5	Community living, children and families		
6	administration--68.5 FTE positions . . . . .		7,285,100
7	Dental programs . . . . .		510,400
8	Dental programs for persons with developmental		
9	disabilities . . . . .		151,000
10	Family planning local agreements . . . . .		8,393,900
11	Family support subsidy . . . . .		14,737,100
12	Housing and support services--1.0 FTE position		5,579,300
13	Local MCH services . . . . .		15,050,200
14	Medicaid outreach and service delivery support		6,488,600
15	Migrant health care . . . . .		200,000
16	Newborn screening follow-up and treatment		
17	services . . . . .		2,428,000
18	Omnibus budget reconciliation act		
19	implementation--9.0 FTE positions . . . . .		12,770,500
20	Pediatric AIDS prevention and control . . . . .		1,026,300
21	Prenatal care outreach and service		
22	delivery support . . . . .		4,299,300
23	Southwest community partnership . . . . .		1,547,300
24	Special projects--0.5 FTE position . . . . .		2,532,500
25	Sudden infant death syndrome program . . . . .		<u>321,300</u>
26	GROSS APPROPRIATION . . . . .		\$ 116,707,500
27	Appropriated from:		
28	Federal revenues:		

1	Total federal revenues . . . . .	73,009,800
2	Special revenue funds:	
3	Total private revenues . . . . .	261,100
4	Total other state restricted revenues . . . . .	12,990,000
5	State general fund/general purpose . . . . .	\$ 30,446,600
6	<b>Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION</b>	
7	<b>PROGRAM</b>	
8	Full-time equated classified positions . 42.0	
9	Women, infants, and children program administration	
10	and special projects--42.0 FTE positions . .	\$ 4,951,300
11	Women, infants, and children program local	
12	agreements and food costs . . . . .	<u>164,311,000</u>
13	GROSS APPROPRIATION . . . . .	\$ 169,262,300
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues . . . . .	121,386,400
17	Special revenue funds:	
18	Total private revenues . . . . .	47,875,900
19	State general fund/general purpose . . . . .	\$ 0
20	<b>Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>	
21	Full-time equated classified positions . 66.6	
22	Children's special health care services	
23	administration--66.6 FTE positions . . . . .	\$ 5,058,500
24	Amputee program . . . . .	184,600
25	Bequests for care and services . . . . .	1,579,600
26	Case management services . . . . .	3,923,500
27	Conveyor contract . . . . .	559,100
28	Medical care and treatment . . . . .	<u>128,018,000</u>

1	GROSS APPROPRIATION . . . . .	\$ 139,323,300
2	Appropriated from:	
3	Federal revenues:	
4	Total federal revenues . . . . .	66,335,700
5	Special revenue funds:	
6	Total private revenues . . . . .	750,000
7	Total other state restricted revenues . . . . .	650,000
8	State general fund/general purpose . . . . .	\$ 71,587,600
9	<b>Sec. 115. OFFICE OF DRUG CONTROL POLICY</b>	
10	Full-time equated classified positions . 17.0	
11	Drug control policy--17.0 FTE positions . . . . .	\$ 1,973,400
12	Anti-drug abuse grants . . . . .	<u>28,659,200</u>
13	GROSS APPROPRIATION . . . . .	\$ 30,632,600
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues . . . . .	30,246,600
17	State general fund/general purpose . . . . .	\$ 386,000
18	<b>Sec. 116. CRIME VICTIM SERVICES COMMISSION</b>	
19	Full-time equated classified positions . 9.0	
20	Grants administration services--9.0 FTE	
21	positions . . . . .	\$ 1,040,500
22	Justice assistance grants . . . . .	15,000,000
23	Crime victim rights services grants . . . . .	<u>7,655,300</u>
24	GROSS APPROPRIATION . . . . .	\$ 23,695,800
25	Appropriated from:	
26	Federal revenues:	
27	Total federal revenues: . . . . .	15,939,900
28	Special revenue funds:	

1	Total other state restricted revenues . . . . .	7,240,900
2	State general fund/general purpose . . . . .	\$ 515,000
3	<b>Sec. 117. OFFICE OF SERVICES TO THE AGING</b>	
4	Full-time equated classified positions . 41.5	
5	Commission (per diem \$50.00) . . . . .	\$ 10,500
6	Office of services to aging administration--38.5	
7	FTE positions . . . . .	4,201,200
8	Long-term care advisor--3.0 FTE positions . . .	761,000
9	Community services . . . . .	34,589,900
10	Nutrition services . . . . .	37,289,300
11	Senior volunteer services . . . . .	5,970,000
12	Senior citizen centers staffing and equipment .	1,130,000
13	Employment assistance . . . . .	2,818,300
14	Respite care program . . . . .	<u>7,100,000</u>
15	GROSS APPROPRIATION . . . . .	\$ 93,870,200
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues . . . . .	48,813,400
19	Special revenue funds:	
20	Tobacco settlement revenue . . . . .	5,761,000
21	Total other state restricted revenues . . . . .	2,600,000
22	State general fund/general purpose . . . . .	\$ 36,695,800
23	<b>Sec. 118. MEDICAL SERVICES ADMINISTRATION</b>	
24	Full-time equated classified positions 333.7	
25	Medical services administration--333.7 FTE	
26	positions . . . . .	\$ 46,747,500
27	Facility inspection contract-state police . . .	<u>132,800</u>
28	GROSS APPROPRIATION . . . . .	\$ 46,880,300

1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues . . . . .	30,639,700
4	Special revenue funds:	
5	State general fund/general purpose . . . . .	\$ 16,240,600
6	<b>Sec. 119. MEDICAL SERVICES</b>	
7	Hospital services and therapy . . . . .	\$ 708,300,200
8	Hospital disproportionate share payments . . . . .	45,000,000
9	Medicare premium payments . . . . .	153,456,600
10	Physician services . . . . .	147,397,900
11	Pharmaceutical services . . . . .	593,178,300
12	Health maintenance organizations . . . . .	1,353,831,800
13	Home health services . . . . .	28,734,500
14	Transportation . . . . .	7,634,200
15	Auxiliary medical services . . . . .	89,618,200
16	Long-term care services . . . . .	1,368,444,900
17	Elder prescription insurance coverage . . . . .	145,000,000
18	MIChild program . . . . .	57,067,100
19	MIFamily plan . . . . .	191,091,900
20	Personal care services . . . . .	20,816,200
21	Maternal and child health . . . . .	9,234,500
22	Social services to the physically disabled . . . . .	1,344,900
23	Subtotal basic medical services program . . . . .	4,920,151,200
24	School based services . . . . .	65,094,200
25	Special adjustor payments . . . . .	1,014,000,900
26	Subtotal special medical services payments . . . . .	<u>1,079,095,100</u>
27	GROSS APPROPRIATION . . . . .	\$5,999,246,300
28	Appropriated from:	

1	Federal revenues: . . . . .	
2	Total federal revenues . . . . .	3,425,948,500
3	Special revenue funds:	
4	Total local revenues . . . . .	873,493,700
5	Total private revenues . . . . .	11,512,700
6	Tobacco settlement revenue . . . . .	65,007,200
7	Total other state restricted revenues . . . . .	441,791,900
8	State general fund/general purpose . . . . .	\$1,181,492,300
9	<b>Sec. 120. INFORMATION TECHNOLOGY</b>	
10	Information technology services and projects . . . . .	<u>\$ 35,834,300</u>
11	GROSS APPROPRIATION . . . . .	\$ 35,834,300
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	Interdepartmental grant from the department	
15	of corrections . . . . .	142,700
16	Federal revenues:	
17	Total federal revenues . . . . .	18,685,200
18	Special revenue funds:	
19	Total other state restricted revenues . . . . .	1,793,800
20	State general fund/general purpose . . . . .	\$ 15,212,600

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

24     Sec. 201. (1) Pursuant to section 30 of article IX of the  
25 state constitution of 1963, total state spending from state  
26 resources under part 1 for fiscal year 2002-2003 is  
27 \$3,156,389,400.00 and state spending from state resources to be  
28 paid to local units of government for fiscal year 2002-2003 is



1 \$1,001,418,200.00. The itemized statement below identifies  
2 appropriations from which spending to units of local government  
3 will occur:

4 DEPARTMENT OF COMMUNITY HEALTH

5 DEPARTMENTWIDE ADMINISTRATION

6 Departmental administration and management . . \$ 15,520,500

7 Rural health services . . . . . 35,000

8 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL  
9 PROJECTS

10 Mental health initiatives for older persons . . 1,165,800

11 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

12 State disability assistance program substance abuse  
13 services . . . . . 6,600,000

14 Community substance abuse prevention, education,  
15 and treatment programs . . . . . 17,673,500

16 Medicaid mental health services . . . . . 589,897,800

17 Community mental health non-Medicaid services . 258,930,200

18 Multicultural services . . . . . 3,163,800

19 Medicaid substance abuse services . . . . . 11,647,600

20 Respite services . . . . . 3,318,600

21 INFECTIOUS DISEASE CONTROL

22 AIDS prevention, testing, and care programs . . 1,342,000

23 Immunization local agreements . . . . . 2,973,900

24 Sexually transmitted disease control local  
25 agreements . . . . . 452,900

26 LOCAL HEALTH ADMINISTRATION AND GRANTS

27 Local public health operations . . . . . 41,070,200

28 CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

1	Cancer prevention and control program . . . . .	722,400
2	Diabetes and kidney program . . . . .	909,000
3	Smoking prevention program . . . . .	1,380,800
4	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
5	Childhood lead program . . . . .	85,000
6	Family planning local agreements . . . . .	1,301,400
7	Local MCH services . . . . .	246,100
8	Omnibus budget reconciliation act	
9	implementation . . . . .	2,152,700
10	Abstinence and pregnancy prevention program . .	3,169,600
11	Prenatal care outreach and service	
12	delivery support . . . . .	1,235,000
13	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
14	Case management services . . . . .	3,319,900
15	MEDICAL SERVICES	
16	Transportation . . . . .	1,406,800
17	OFFICE OF SERVICES TO THE AGING	
18	Community services . . . . .	13,133,900
19	Nutrition services . . . . .	12,731,100
20	Senior volunteer services . . . . .	781,400
21	CRIME VICTIM SERVICES COMMISSION	
22	Crime victim rights services grants . . . . .	5,051,300
23	TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT	\$1,001,418,200

24     Sec. 202. (1) The appropriations authorized under this bill  
25 are subject to the management and budget act, 1984, PA 431, MCL  
26 18.1101 to 18.1594.

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

1 Sec. 203. As used in this bill:

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

3 (b) "CMHSP" means a community mental health service program as  
4 that term is defined in section 100a of the mental health code,  
5 1974 PA 258, MCL 330.1100a.

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

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

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

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

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

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

16 (i) "HIV" means human immunodeficiency virus.

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

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

19 (l) "MCH" means maternal and child health.

20 (m) "MSS/ISS" means maternal and infant support services.

21 (n) "Title XVIII" means title XVIII of the social security  
22 act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b,1395b-2,  
23 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to  
24 1395t, 1395u to 1395w, 1395w-2 to 1395w-4,1395w-21 to 1395w-28,  
25 1395x to 1395yy, and 1395bbb to 1395ggg.

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

1 (p) "Title XX" means title XX of the social security act,  
2 chapter 531, 49 Stat. 620, 42 U.S.C. 1397 - 1397f.

3 (q) "WIC" means women, infants, and children supplemental  
4 nutrition program.

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

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

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

28 Sec. 206. (1) In addition to the funds appropriated in part 1,

1 there is appropriated an amount not to exceed \$100,000,000.00 for  
2 federal contingency funds. These funds are not available for  
3 expenditure until they have been transferred to another line item  
4 in this bill under section 393(2) of the management and budget  
5 act, 1984 PA 431, MCL 18.1393.

6 (2) In addition to the funds appropriated in part 1, there is  
7 appropriated an amount not to exceed \$50,000,000.00 for state  
8 restricted contingency funds. These funds are not available for  
9 expenditure until they have been transferred to another line item  
10 in this bill under section 393(2) of the management and budget  
11 act, 1984 PA 431, MCL 18.1393.

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

18 (4) In addition to the funds appropriated in part 1, there is  
19 appropriated an amount not to exceed \$10,000,000.00 for private  
20 contingency funds. These funds are not available for expenditure  
21 until they have been transferred to another line item in this bill  
22 under section 393(2) of the management and budget act, 1984 PA  
23 431, MCL 18.1393.

24 Sec. 208. Unless otherwise specified, the department shall use  
25 the Internet to fulfill the reporting requirements of this bill.  
26 This may include transmission of reports via electronic mail to  
27 the recipients identified for each reporting requirement or it may  
28 include placement of reports on an Internet or Intranet site.

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

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

12	(a) Maternal and child health block grant . . . . .	\$	20,627,000
13	(b) Preventive health and health services		
14	block grant . . . . .		6,115,300
15	(c) Substance abuse block grant . . . . .		61,694,100
16	(d) Healthy Michigan fund . . . . .		34,365,900
17	(e) Michigan health initiative . . . . .		9,060,200

18       (2) On or before February 1, 2003, the department shall report  
19 to the house of representatives and senate appropriations  
20 subcommittees on community health, the house and senate fiscal  
21 agencies, and the state budget director on the detailed name and  
22 amounts of federal, restricted, private, and local sources of  
23 revenue that support the appropriations in each of the line items  
24 in part 1 of this bill.

25       (3) Upon the release of the fiscal year 2003-2004 executive  
26 budget recommendation, the department shall report to the same  
27 parties in subsection (2) on the amounts and detailed sources of  
28 federal, restricted, private, and local revenue proposed to

1 support the total funds appropriated in each of the line items in  
2 part 1 of the fiscal year 2003-2004 executive budget proposal.

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

6 Sec. 213. The state departments, agencies, and commissions  
7 receiving tobacco tax funds from part 1 shall report by January 1,  
8 2003, to the senate and house of representatives appropriations  
9 committees, the senate and house fiscal agencies, and the state  
10 budget director on the following:

11 (a) Detailed spending plan by appropriation line item  
12 including description of programs.

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

15 (c) Eligibility criteria for program participation and maximum  
16 benefit levels where applicable.

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

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

21 Sec. 214. The use of state restricted tobacco tax revenue  
22 received for the purpose of tobacco prevention, education, and  
23 reduction efforts and deposited in the healthy Michigan fund shall  
24 not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to  
25 4.431.

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

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

4 (2) The department's ability to satisfy appropriation  
5 deductions in part 1 shall not be limited to collections and  
6 accruals pertaining to services provided in fiscal year 2002-2003,  
7 but shall also include reimbursements, refunds, adjustments, and  
8 settlements from prior years.

9 Sec. 218. Basic health services for the purpose of part 23 of  
10 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321,  
11 are: immunizations, communicable disease control, sexually  
12 transmitted disease control, tuberculosis control, prevention of  
13 gonorrhoea eye infection in newborns, screening newborns for the 7  
14 conditions listed in section 5431(1)(a) through (g) of the public  
15 health code, 1978 PA 368, MCL 333.5431, community health annex of  
16 the Michigan emergency management plan, and prenatal care.

17 Sec. 219. (1) The department may contract with the Michigan  
18 public health institute for the design and implementation of  
19 projects and for other public health related activities prescribed  
20 in section 2611 of the public health code, 1978 PA 368, MCL  
21 333.2611. The department may develop a master agreement with the  
22 institute to carry out these purposes for up to a 3-year period.  
23 The department shall report to the house of representatives and  
24 senate appropriations subcommittees on community health, the house  
25 and senate fiscal agencies, and the state budget director on or  
26 before November 1, 2002, and May 1, 2003, all of the following:

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

28 (b) The amount allocated for each project, the appropriation



1 line item from which the allocation is funded, and the source of  
2 financing for each project.

3 (c) The expected project duration.

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

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

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

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

26 Sec. 223. The department of community health may establish and  
27 collect fees for publications, videos and related materials,  
28 conferences, and workshops. Collected fees shall be used to

1 offset expenditures to pay for printing and mailing costs of the  
2 publications, videos and related materials, and costs of the  
3 workshops and conferences. The costs shall not exceed fees  
4 collected.

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

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

18 **DEPARTMENTWIDE ADMINISTRATION**

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

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

26 Sec. 303. The department is prohibited from requiring first-  
27 party payment from individuals or families with a taxable income  
28 of \$10,000.00 or less for mental health services for

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

3       Sec 304. The funds appropriated in part 1 for the Michigan  
4 essential health care provider program may also provide loan  
5 repayment for dentists that fit the criteria established by part  
6 27 of the public health code, 1978 PA 368, MCL 333.2701 to  
7 333.2727.

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

11 **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

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

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

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

24       (c) The coordination of inpatient and outpatient hospital  
25 services through agreements with state-operated psychiatric  
26 hospitals, units, and centers in facilities owned or leased by the  
27 state, and privately-owned hospitals, units, and centers licensed  
28 by the state pursuant to sections 134 through 149b of the mental

1 health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

2 (d) Individualized plans of service that are sufficient to  
3 meet the needs of individuals, including those discharged from  
4 psychiatric hospitals or centers, and that ensure the full range  
5 of recipient needs is addressed through the CMHSP's program or  
6 through assistance with locating and obtaining services to meet  
7 these needs.

8 (e) A system of case management to monitor and ensure the  
9 provision of services consistent with the individualized plan of  
10 services or supports.

11 (f) A system of continuous quality improvement.

12 (g) A system to monitor and evaluate the mental health  
13 services provided.

14 (h) A system that serves at-risk and delinquent youth as  
15 required under the provisions of the mental health code, 1974 PA  
16 258, MCL 330.1001 to 330.2106.

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

1 subsection.

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

6 (a) Any new contracts with CMHSPs that would affect rates or  
7 expenditures are enacted.

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (ii) The number of people who requested services but did not  
22 receive services.

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

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

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

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

7 (i) An estimate of the number of FTEs employed by the CMHSPs  
8 or contracted with directly by the CMHSPs as of September 30, 2002  
9 and an estimate of the number of FTEs employed through contracts  
10 with provider organizations as of September 30, 2002.

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

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

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

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

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

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

27 Sec. 406. (1) The funds appropriated in part 1 for the state  
28 disability assistance substance abuse services program shall be

1 used to support per diem room and board payments in substance  
2 abuse residential facilities. Eligibility of clients for the state  
3 disability assistance substance abuse services program shall  
4 include needy persons 18 years of age or older, or emancipated  
5 minors, who reside in a substance abuse treatment center.

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

13 Sec. 408. (1) By April 15 of the current fiscal year, the  
14 department shall report the following data from the prior fiscal  
15 year on substance abuse prevention, education, and treatment  
16 programs to the senate and house of representatives appropriations  
17 subcommittees on community health, the senate and house fiscal  
18 agencies, and the state budget office:

19 (a) Expenditures stratified by administering entity, by  
20 central diagnosis and referral agency, by fund source, by  
21 subcontractor, by population served, and by service type.  
22 Additionally, data on administrative expenditures by administering  
23 entity and by subcontractor shall be reported.

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

26 (c) Number of services provided by central diagnosis and  
27 referral agency, by subcontractor, and by service type.  
28 Additionally, data on length of stay, referral source, and



1 participation in other state programs.

2 (d) Collections from other first- or third-party payers,  
3 private donations, or other state or local programs, by  
4 administering entity, by subcontractor, by population served, and  
5 by service type.

6 (2) The department shall take all reasonable actions to ensure  
7 that the required data reported are complete and consistent among  
8 all administering entities.

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

13 Sec. 410. The department shall assure that substance abuse  
14 treatment is provided to applicants and recipients of public  
15 assistance through the family independence agency who are required  
16 to obtain substance abuse treatment as a condition of eligibility  
17 for public assistance.

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

23 (2) Each CMHSP shall have jail diversion services and shall  
24 work toward establishing working relationships with representative  
25 staff of local law enforcement agencies, including county  
26 prosecutors' offices, county sheriffs' offices, county jails,  
27 municipal police agencies, municipal detention facilities, and the  
28 courts. Written interagency agreements describing what services

1 each participating agency is prepared to commit to the local jail  
2 diversion effort and the procedures to be used by local law  
3 enforcement agencies to access mental health jail diversion  
4 services are strongly encouraged.

5       Sec. 414. Medicaid substance abuse treatment services shall be  
6 managed by selected CMHSPs pursuant to the health care financing  
7 administration's approval of Michigan's 1915(b) waiver request to  
8 implement a managed care plan for specialized substance abuse  
9 services. The selected CMHSPs shall receive a capitated payment  
10 on a per eligible per month basis to assure provision of medically  
11 necessary substance abuse services to all beneficiaries who  
12 require those services. The selected CMHSPs shall be responsible  
13 for the reimbursement of claims for specialized substance abuse  
14 services.

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

26       Sec. 424. Each community mental health services program that  
27 contracts with the department to provide services to the Medicaid  
28 population shall adhere to the following timely claims processing

1 and payment procedure for claims submitted by health professionals  
2 and facilities:

3 (a) A "clean claim" as described in 2000 PA 187 must be paid  
4 within 45 days after receipt of the claim by the community mental  
5 health services program. A clean claim that is not paid within  
6 this time frame shall bear simple interest at a rate of 12% per  
7 annum.

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

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

16 Sec. 435. A county required under the provisions of the mental  
17 health code, 1974 PA 258, MCL 330.1110 to 330.2106, to provide  
18 matching funds to a CMHSP for mental health services rendered to  
19 residents in its jurisdiction shall pay the matching funds in  
20 equal installments on not less than a quarterly basis throughout  
21 the fiscal year, with the first payment being made by October 1,  
22 2002.

23 STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH  
24 DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH  
25 SERVICES

26 Sec. 601. (1) In funding of staff in the financial support  
27 division, reimbursement, and billing and collection sections,  
28 priority shall be given to obtaining third-party payments for

1 services. Collection from individual recipients of services and  
2 their families shall be handled in a sensitive and nonharassing  
3 manner.

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

12 Sec. 602. Unexpended and unencumbered amounts and accompanying  
13 expenditure authorizations up to \$2,000,000.00 remaining on  
14 September 30, 2003 from pay telephone revenues and the amounts  
15 appropriated in part 1 for gifts and bequests for patient living  
16 and treatment environments shall be carried forward for 1 fiscal  
17 year. The purpose of gifts and bequests for patient living and  
18 treatment environments is to use additional private funds to  
19 provide specific enhancements for individuals residing at state-  
20 operated facilities. Use of the gifts and bequests shall be  
21 consistent with the stipulation of the donor. The expected  
22 completion date for the use of gifts and bequests donations is  
23 within 3 years unless otherwise stipulated by the donor.

24 Sec. 603. The funds appropriated in part 1 for forensic mental  
25 health services provided to the department of corrections are in  
26 accordance with the interdepartmental plan developed in  
27 cooperation with the department of corrections. The department is  
28 authorized to receive and expend funds from the department of

1 corrections in addition to the appropriations in part 1 to fulfill  
2 the obligations outlined in the interdepartmental agreements.

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

5 (a) The number of days of care purchased from state hospitals  
6 and centers.

7 (b) The number of days of care purchased from private  
8 hospitals in lieu of purchasing days of care from state hospitals  
9 and centers.

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

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

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

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

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

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

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

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

21 **INFECTIOUS DISEASE CONTROL**

22 Sec. 801. In the expenditure of funds appropriated in part 1  
23 for AIDS programs, the department and its subcontractors shall  
24 ensure that adolescents receive priority for prevention,  
25 education, and outreach services.

26 Sec. 803. The department shall continue the AIDS drug  
27 assistance program maintaining the prior year eligibility criteria  
28 and drug formulary. This section is not intended to prohibit the

1 department from providing assistance for improved AIDS treatment  
2 medications.

3 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

4       Sec. 901. The amount appropriated in part 1 for implementation  
5 of the 1993 amendments to sections 9161, 16221, 16226, 17014,  
6 17015, and 17515 of the public health code, 1978 PA 368, MCL  
7 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and  
8 333.17515, shall reimburse local health departments for costs  
9 incurred related to implementation of section 17015(15) of the  
10 public health code, 1978 PA 368, MCL 333.17015.

11       Sec. 902. If a county that has participated in a district  
12 health department or an associated arrangement with other local  
13 health departments takes action to cease to participate in such an  
14 arrangement after October 1, 2002, the department shall have the  
15 authority to assess a penalty from the local health department's  
16 operational accounts in an amount equal to no more than 5% of the  
17 local health department's local public health operations funding.  
18 This penalty shall only be assessed to the local county that  
19 requests the dissolution of the health department.

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

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

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

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

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

10 Sec. 1002. (1) Provision of a school health education  
11 curriculum, such as the Michigan model or another comprehensive  
12 school health education curriculum, shall be in accordance with  
13 the health education goals established by the Michigan model for  
14 the comprehensive school health education state steering  
15 committee. The state steering committee shall be comprised of a  
16 representative from each of the following offices and departments:

17 (a) The department of education.

18 (b) The department of community health.

19 (c) The health administration in the department of community  
20 health.

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

23 (e) The family independence agency.

24 (f) The department of state police.

25 (2) Upon written or oral request, a pupil not less than 18  
26 years of age or a parent or legal guardian of a pupil less than 18  
27 years of age, within a reasonable period of time after the request  
28 is made, shall be informed of the content of a course in the



1 health education curriculum and may examine textbooks and other  
2 classroom materials that are provided to the pupil or materials  
3 that are presented to the pupil in the classroom. This subsection  
4 does not require a school board to permit pupil or parental  
5 examination of test questions and answers, scoring keys, or other  
6 examination instruments or data used to administer an academic  
7 examination.

8       Sec. 1005. From the funds appropriated in part 1 for physical  
9 fitness, nutrition, and health, up to \$1,000,000.00 may be  
10 allocated to the Michigan physical fitness and sports foundation.  
11 The allocation to the Michigan physical fitness and sports  
12 foundation is contingent upon the foundation providing at least a  
13 20% cash match.

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

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

24       Sec. 1011. From the funds appropriated in part 1 for the  
25 diabetes and kidney program, \$320,000.00 shall be allocated for  
26 improving the health of African-American men in Michigan. The  
27 funds shall be used for screening and patient self-care activities  
28 for diabetes, hypertension, stroke, and glaucoma and other eye

1 diseases.

2 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

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

9 (a) Teaches the gains to be realized by abstaining from sexual  
10 activity.

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

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

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

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

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

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

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

26 (2) Programs and organizations that meet the guidelines of  
27 subsection (1) shall have the option of receiving all or part of  
28 their funds directly from the department of community health.

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

5       Sec. 1108. The funds appropriated in part 1 for abstinence and  
6 pregnancy prevention programs shall not be used to provide  
7 abortion counseling, referrals, or services.

8       Sec. 1109. From the amounts appropriated in part 1 for dental  
9 programs, funds shall be allocated to the Michigan dental  
10 association for the administration of a volunteer dental program  
11 that would provide dental services to the uninsured in an amount  
12 that is no less than the amount allocated to that program in  
13 fiscal year 1996-1997.

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

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

23       Sec. 1113. From the funds appropriated in part 1 for special  
24 projects, the department shall allocate no less than \$200,000.00  
25 to provide education and outreach to targeted populations on the  
26 dangers of drug use during pregnancy, neonatal addiction, and  
27 fetal alcohol syndrome and further develop its infant support  
28 services to target families with infants with fetal alcohol

1 syndrome or suffering from drug addiction.

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

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

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

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

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

13 (c) Provide genetic diagnostic and counseling services for  
14 eligible families.

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

18 **CRIME VICTIM SERVICES COMMISSION**

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

21 **OFFICE OF SERVICES TO THE AGING**

22 Sec. 1401. The appropriation in part 1 to the office of  
23 services to the aging, for community and nutrition services and  
24 home services, shall be restricted to eligible individuals at  
25 least 60 years of age who fail to qualify for home care services  
26 under title XVIII, XIX, or XX of the social security act, chapter  
27 531, 49 Stat. 620.

28 Sec. 1403. The office of services to the aging shall require

1 each region to report to the office of services to the aging home  
2 delivered meals waiting lists based upon standard criteria.

3 Determining criteria shall include all of the following:

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

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

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

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

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

16 Sec. 1407. (1) The amount appropriated in part 1 of tobacco  
17 settlement revenue to the office of services to the aging for the  
18 long-term care advisor shall be allocated in accordance with a  
19 long-term care plan developed by the long-term care working group  
20 established in section 1657 of 1998 PA 336 upon implementation of  
21 the plan.

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

26 **MEDICAL SERVICES**

27 Sec. 1601. The cost of remedial services incurred by residents  
28 of licensed adult foster care homes and licensed homes for the

1 aged shall be used in determining financial eligibility for the  
2 medically needy. Remedial services include basic self-care and  
3 rehabilitation training for a resident.

4 Sec. 1602. Medical services shall be provided to elderly and  
5 disabled persons with incomes less than or equal to 100% of the  
6 official poverty line, pursuant to the state's option to elect  
7 such coverage set out at section 1902(a)(10)(A)(ii) and (m) of  
8 title XIX, chapter 531, 49 Stat. 620, 42 U.S.C. 1396a.

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

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

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

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

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

26 Sec. 1606. For the purpose of guardian and conservator  
27 charges, the department of community health may deduct up to  
28 \$60.00 per month as an allowable expense against a recipient's

1 income when determining medical services eligibility and patient  
2 pay amounts.

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

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

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

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

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

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

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

20       Sec. 1612. Health maintenance organizations that contract with  
21 the department to provide services to the Medicaid population  
22 shall adhere to the time frames for payment of clean claims as  
23 defined in section 111i(2)(a) of 2000 PA 187 submitted by health  
24 professionals and facilities and provide notice of any defect in  
25 claims submitted as specified in section 111i of 2000 PA 187.

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



1 (2) When carved-out of the capitation rate for managed care  
2 recipients, the pharmaceutical dispensing fee shall be \$3.77 or  
3 the pharmacy's usual or customary cash charge or the usual charge  
4 allowed by the recipients's medicaid HMO, whichever is less.

5 (3) The department shall require a prescription copayment for  
6 medicaid recipients except as prohibited by federal or state law  
7 or regulation.

8 Sec. 1624. An additional \$20,000,000.00 in tobacco settlement  
9 funds are hereby appropriated to the elder prescription insurance  
10 coverage program if the state budget director certifies that the  
11 federal funds appropriated to that program are unavailable and  
12 that sufficient tobacco settlement revenue is available to finance  
13 this appropriation.

14 Sec. 1627. (1) The department shall use provisions specified  
15 under section 1927 of title XIX of the social security act, 42  
16 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical  
17 manufacturers for outpatient drugs dispensed to participants in  
18 state-funded programs.

19 2) For products distributed by pharmaceutical manufacturers  
20 not providing quarterly rebates as listed in subsection (1), the  
21 department may require preauthorization for prescriptions  
22 dispensed to participants in state-funded programs.

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

27 Sec. 1641. An institutional provider that is required to  
28 submit a cost report under the medical services program shall

1 submit cost reports completed in full within 5 months after the  
2 end of its fiscal year.

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

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

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

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

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

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

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

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

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

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

1 (e) Enrollment of recipients of children's special health care  
2 services in HMOs shall be voluntary during fiscal year 2002-2003.

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

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

13 (a) An emphasis on health outcomes.

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

16 (c) Review by physicians and other health care professionals  
17 of the process followed in the provision of the health care  
18 services.

19 (d) Evaluation of the continuity and coordination of care that  
20 enrollees receive.

21 (e) Mechanisms to detect overutilization and underutilization  
22 of services.

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

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

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

1 (i) Consumer involvement in the development of the quality  
2 assurance program and consideration of enrollee complaints and  
3 satisfaction survey results.

4 (2) Medicaid HMOs shall apply for accreditation by an  
5 appropriate external independent accrediting organization  
6 requiring standards recognized by the department once those HMOs  
7 have met the application requirements. The state shall accept  
8 accreditation of an HMO by an approved accrediting organization as  
9 proof that the HMO meets some or all of the state's requirements,  
10 if the state determines that the accrediting organization's  
11 standards meet or exceed the state's requirements.

12 (3) Medicaid HMOs shall report encounter data, including data  
13 on inpatient and outpatient hospital care, physician visits,  
14 pharmaceutical services, and other services specified by the  
15 department.

16 (4) Medicaid HMOs shall assure that all covered services are  
17 available and accessible to enrollees with reasonable promptness  
18 and in a manner that assures continuity. Medically necessary  
19 services shall be available and accessible 24 hours a day and 7  
20 days a week. HMOs shall continue to develop procedures for  
21 determining medical necessity which may include a prior  
22 authorization process.

23 (5) Medicaid HMOs shall provide for reimbursement of HMO  
24 covered services delivered other than through the HMO's providers  
25 if medically necessary and approved by the HMO, immediately  
26 required, and that could not be reasonably obtained through the  
27 HMO's providers on a timely basis. Such services shall be  
28 considered approved if the HMO does not respond to a request for

1 authorization within 24 hours of the request. Reimbursement shall  
2 not exceed the Medicaid fee-for-service payment for those  
3 services.

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

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

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

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

18 (10) Medicaid HMOs shall meet other standards and requirements  
19 contained in state laws, administrative rules, and policies  
20 promulgated by the department.

21 (11) Medicaid HMOs shall develop written plans for providing  
22 nonemergency medical transportation services funded through  
23 supplemental payments made to the plans by the department, and  
24 shall include information about transportation in their member  
25 handbook.

26 Sec. 1655. (1) The department may require a 12-month lock-in  
27 to the HMO selected by the recipient during the initial and

1 subsequent open enrollment periods, but allow for good cause  
2 exceptions during the lock-in period.

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

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

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

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

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

26 (2) If the treating hospital determines that the recipient  
27 will require further medical service or hospitalization beyond the

1 point of stabilization, that hospital must receive authorization  
2 from the recipient's HMO prior to admitting the recipient.

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

8 Sec. 1659. The following sections are the only ones that shall  
9 apply to the following Medicaid managed care programs, including  
10 the comprehensive plan, children's special health care services  
11 plan, MI Choice long-term care plan, and the mental health,  
12 substance abuse, and developmentally disabled services program:  
13 402, 404, 414, 418, 1612, 1650, 1653, 1654, 1655, 1656, 1657,  
14 1660, 1661, and 1662.

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

19 (2) The primary responsibility of assuring a child's hearing  
20 and vision screening is with the child's primary care provider.  
21 The primary care provider shall provide age appropriate screening  
22 or arrange for these tests through referrals to local health  
23 departments. Local health departments shall provide preschool  
24 hearing and vision screening services and accept referrals for  
25 these tests from physicians or from Head Start programs in order  
26 to assure all preschool children have appropriate access to  
27 hearing and vision screening. Local health departments shall be



1 reimbursed for the cost of providing these tests for Medicaid  
2 eligible children by the Medicaid program.

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

8 (4) The department shall require HMOs to be responsible for  
9 well child visits and maternal and infant support services as  
10 described in Medicaid policy. These responsibilities shall be  
11 specified in the information distributed by the HMOs to their  
12 members.

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

17 Sec. 1661. (1) The department shall assure that all Medicaid  
18 eligible children and pregnant women have timely access to MSS/ISS  
19 services. Medicaid HMOs shall assure that maternal support service  
20 screening is available to their pregnant members and that those  
21 women found to meet the maternal support service high-risk  
22 criteria are offered maternal support services. Local health  
23 departments shall assure that maternal support service screening  
24 is available for Medicaid pregnant women not enrolled in an HMO  
25 and that those women found to meet the maternal support service  
26 high-risk criteria are offered maternal support services or are  
27 referred to a certified maternal support service provider.

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

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

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

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

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

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

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

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

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

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

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

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

7 Sec. 1671. From the funds appropriated in part 1, the  
8 department shall continue a comprehensive approach to the  
9 marketing and outreach of the MICHild program. The marketing and  
10 outreach required under this section shall be coordinated with  
11 current outreach, information dissemination, and marketing efforts  
12 and activities conducted by the department.

13 Sec. 1673. The department may establish premiums for MICHild  
14 eligible persons in families with income above 150% of the federal  
15 poverty level. The monthly premiums shall not exceed \$5.00 for a  
16 family.

17 Sec. 1674. The department shall not require copayments under  
18 the MICHild program.

19 Sec. 1675. Children whose category of eligibility changes  
20 between the Medicaid and MICHild programs shall be assured of  
21 keeping their current health care providers through the current  
22 prescribed course of treatment for up to 1 year, subject to  
23 periodic reviews by the department if the beneficiary has a  
24 serious medical condition and is undergoing active treatment for  
25 that condition.

26 Sec. 1676. To be eligible for the MICHild program, a child  
27 must be residing in a family with an adjusted gross income of less  
28 than or equal to 200% of the federal poverty level. The

1 department's verification policy shall be used to determine  
2 eligibility.

3       Sec. 1681. (1) The department may fund personal care, home and  
4 community-based services, and other alternative long-term care  
5 services in lieu of nursing home services from the long-term care  
6 services line.

7       Sec. 1682. (1) The department shall implement enforcement  
8 actions as specified in the nursing facility enforcement  
9 provisions of section 1919 of title XIX, chapter 531, 49 Stat.  
10 620, 42 U.S.C. 1396r.

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

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

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

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

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

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

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

26       (b) Reimburse participating school districts pursuant to the  
27 fund sharing ratios negotiated in the state-local agreements  
28 authorized in subsection (1).

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

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

9 Sec. 1640. The department of community health shall distribute  
10 \$695,000.00 to children's hospitals that have a high indigent care  
11 volume. The amount to be distributed to any given hospital shall  
12 be based on a formula determined by the department of community  
13 health.

14 Sec. 1642. The department may make separate payments directly  
15 to qualifying hospitals serving a disproportionate share of  
16 indigent patients, and to hospitals providing graduate medical  
17 education training programs. If direct payment for GME and DSH is  
18 made to qualifying hospitals for services to Medicaid clients,  
19 hospitals will not include GME costs or DSH payments in their  
20 contracts with HMOs.

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

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