

**SUBSTITUTE FOR  
HOUSE BILL NO. 4496**

A bill to amend 1939 PA 280, entitled  
"The social welfare act,"  
by amending sections 105b and 109f (MCL 400.105b and 400.109f),  
section 105b as added by 2007 PA 100 and section 109f as amended by  
2017 PA 224; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 105b. (1) The department ~~of community health~~ shall **work**  
2 **in collaboration with the contracted health plans** to create  
3 incentives for individual medical assistance recipients who  
4 practice specified positive health behaviors. The incentives  
5 described in this subsection may include, but are not limited to,  
6 expanded benefits and incentives relating to premiums, co-pays, or  
7 benefits. The positive health behaviors described in this



1 subsection may include, but are not limited to, participation in  
 2 health risk assessments and health screenings, compliance with  
 3 medical treatment, attendance at scheduled medical appointments,  
 4 participation in smoking cessation treatment, exercise, prenatal  
 5 visits, immunizations, and attendance at recommended educational  
 6 health programs.

7 (2) The department ~~of community health~~ shall create pay-for-  
 8 performance incentives for contracted ~~medicaid~~ **Medicaid** health  
 9 maintenance organizations. The ~~medicaid~~ **Medicaid** health maintenance  
 10 organization contracts ~~shall~~ **may** include incentives for meeting  
 11 health outcome targets for chronic disease states, increasing the  
 12 number of medical assistance recipients who practice positive  
 13 health behaviors, and meeting patient compliance targets  
 14 established by the department. ~~of community health.~~ Priority ~~shall~~  
 15 **may** be given to strategies that prevent and manage the 10 most  
 16 prevalent and costly ailments affecting medical assistance  
 17 recipients.

18 (3) The department ~~of community health~~ shall establish a  
 19 preferred product and service formulary program for durable medical  
 20 equipment. The department ~~of community health~~ shall work with the  
 21 ~~centers for medicare and medicaid services~~ **Centers for Medicare and**  
 22 **Medicaid** to determine if a joint partnership with ~~medicare~~ **Medicare**  
 23 is possible in establishing the program described in this  
 24 subsection as a means of achieving savings and efficiencies for  
 25 both the ~~medicaid and medicare~~ **Medicaid and Medicare** programs. The  
 26 preferred product and service formulary program for durable medical  
 27 equipment shall require participation from the department ~~of~~  
 28 ~~community health~~ and shall permit the contracted ~~medicaid~~ **Medicaid**  
 29 health maintenance organizations and provider organizations to



1 participate.

2 (4) The department ~~of community health~~ shall seek financial  
3 support for electronic health records, including, but not limited  
4 to, personal health records, e-prescribing, web-based medical  
5 records, and other health information technology initiatives using  
6 ~~medicaid~~ **Medicaid** funds.

7 ~~(5) The department of community health shall include in any~~  
8 ~~federal waiver request that is submitted with the intent to secure~~  
9 ~~federal matching funds to cover the medically uninsured nonmedicaid~~  
10 ~~population in the state language to allow the department of~~  
11 ~~community health to establish, at a minimum, the programs required~~  
12 ~~under subsections (1) and (2).~~

13 (5) ~~(6)~~ The department ~~of community health~~ shall not implement  
14 incentives under this section that conflict with federal statute or  
15 regulation.

16 Sec. 109f. (1) The department shall support the use of  
17 Medicaid funds for specialty services and supports for eligible  
18 Medicaid beneficiaries with a serious mental illness, developmental  
19 disability, serious emotional disturbance, or substance use  
20 disorder. Medicaid-covered specialty services and supports shall be  
21 managed and delivered by specialty prepaid health plans chosen by  
22 the department. The specialty services and supports shall be carved  
23 out from the basic Medicaid health care benefits package.

24 (2) Specialty prepaid health plans are Medicaid managed care  
25 organizations as described in section 1903(m)(1)(A) of title XIX,  
26 42 USC 1396b, and are responsible for providing defined inpatient  
27 services, outpatient hospital services, physician services, other  
28 specified Medicaid state plan services, and additional services  
29 approved by the Centers for Medicare and Medicaid Services under



1 section 1915(b)(3) of title XIX, 42 USC 1396n.

2 ~~(3) This section does not apply to a pilot project authorized~~  
3 ~~under section 298(3) of article X of 2017 PA 107.~~

4 Enacting section 1. Sections 105c and 105f of the social  
5 welfare act, 1939 PA 280, MCL 400.105c and 400.105f, are repealed.

