

# SENATE BILL No. 248

## EXECUTIVE BUDGET BILL

February 21, 2007, Introduced by Senators CHERRY and SCHAUER and referred to the Committee on Appropriations.

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2008; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

### THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

#### PART 1

#### LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill,  
the amounts listed in this part are appropriated for the department

of community health for the fiscal year ending September 30, 2008,  
from the funds indicated in this part. The following is a summary  
of the appropriations in this part:

**DEPARTMENT OF COMMUNITY HEALTH**

APPROPRIATION SUMMARY:

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

Full-time equated classified positions..... 4,655.2

Average population ..... 1,109.0

GROSS APPROPRIATION..... \$ 11,538,938,600

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers ..... 38,850,900

ADJUSTED GROSS APPROPRIATION..... \$ 11,500,087,700

Federal revenues:

Total federal revenues..... 6,440,613,100

Special revenue funds:

Total local revenues..... 246,671,500

Total private revenue..... 64,702,800

Merit award trust fund..... 161,900,000

Total other state restricted revenues..... 1,587,709,600

State general fund/general purpose..... \$ 2,998,490,700

**Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

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

Full-time equated classified positions..... 226.5

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

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

Departmental administration and management--198.0

1	FTE positions .....	23,881,600
2	Office of long term care supports and services--18.5	
3	FTE positions .....	2,713,800
4	Worker's compensation program.....	9,706,000
5	Human resources optimization user charges.....	285,500
6	Rent and building occupancy.....	10,043,300
7	Developmental disabilities council and	
8	projects--10.0 FTE positions .....	<u>2,772,200</u>
9	GROSS APPROPRIATION.....	\$ 49,990,900
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenues.....	14,083,900
13	Special revenue funds:	
14	Total private revenues.....	76,000
15	Total other state restricted revenues.....	3,500,900
16	State general fund/general purpose.....	\$ 32,330,100
17	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
18	<b>ADMINISTRATION AND SPECIAL PROJECTS</b>	
19	Full-time equated classified positions..... 111.0	
20	Mental health/substance abuse program	
21	administration--110.0 FTE positions.....	\$ 13,209,500
22	Consumer involvement program.....	189,100
23	Gambling addiction--1.0 FTE position.....	3,500,000
24	Protection and advocacy services support.....	777,400
25	Mental health initiatives for older persons.....	1,291,200
26	Community residential and support services.....	2,713,000
27	Highway safety projects.....	400,000

1	Federal and other special projects.....	3,277,200
2	Family support subsidy.....	19,036,000
3	Housing and support services.....	<u>9,306,800</u>
4	GROSS APPROPRIATION.....	\$ 53,700,200
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	35,077,400
8	Special revenue funds:	
9	Total private revenues.....	190,000
10	Total other state restricted revenues.....	3,500,000
11	State general fund/general purpose.....	\$ 14,932,800
12	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE</b>	
13	<b>SERVICES PROGRAMS</b>	
14	Full-time equated classified positions.....	9.5
15	Medicaid mental health services.....	\$ 1,878,874,100
16	Community mental health non-Medicaid services.....	319,566,100
17	Medicaid adult benefits waiver.....	40,000,000
18	Multicultural services.....	5,163,800
19	Medicaid substance abuse services.....	36,285,300
20	Respite services.....	1,000,000
21	CMHSP, purchase of state services contracts.....	136,239,300
22	Civil service charges.....	1,499,300
23	Federal mental health block grant--2.5 FTE positions .	15,367,900
24	State disability assistance program substance abuse	
25	services .....	2,509,800
26	Community substance abuse prevention, education and	
27	treatment programs .....	85,268,000

1	Children's waiver home care program.....	19,549,800
2	Omnibus reconciliation act implementation--7.0 FTE	
3	positions .....	12,367,200
4	Children with serious emotional disturbance waiver ...	<u>570,000</u>
5	GROSS APPROPRIATION.....	\$ 2,554,260,600
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	1,244,524,700
9	Special revenue funds:	
10	Total local revenues.....	26,072,100
11	Total other state restricted revenues.....	107,365,500
12	State general fund/general purpose.....	\$ 1,176,298,300
13	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR</b>	
14	<b>PERSONS WITH DEVELOPMENTAL DISABILITIES, AND</b>	
15	<b>FORENSIC AND PRISON MENTAL HEALTH SERVICES</b>	
16	Total average population .....	1,109.0
17	Full-time equated classified positions.....	2,867.3
18	Caro regional mental health center - psychiatric	
19	hospital - adult--481.3 FTE positions.....	\$ 43,466,600
20	Average population .....	179.0
21	Kalamazoo psychiatric hospital - adult--466.6 FTE	
22	positions .....	43,120,900
23	Average population .....	186.0
24	Walter P. Reuther psychiatric hospital -	
25	Adult--437.3 FTE positions .....	43,147,800
26	Average population .....	236.0
27	Hawthorn center - psychiatric hospital - children	

1	and adolescents--218.0 FTE positions.....	21,497,600
2	Average population .....	74.0
3	Mount Pleasant center - developmental	
4	Disabilities--472.7 FTE positions.....	46,936,300
5	Average population .....	209.0
6	Center for forensic psychiatry--475.0 FTE positions ..	51,582,200
7	Average population .....	225.0
8	Forensic mental health services provided to the	
9	department of corrections--316.4 FTE positions.....	37,548,900
10	Revenue recapture.....	750,000
11	IDEA, federal special education.....	120,000
12	Special maintenance and equipment .....	335,300
13	Purchase of medical services for residents of	
14	hospitals and centers .....	2,045,600
15	Severance pay.....	216,900
16	Gifts and bequests for patient living and treatment	
17	environment .....	<u>1,000,000</u>
18	GROSS APPROPRIATION.....	\$ 291,768,100
19	Appropriated from:	
20	Interdepartmental grant revenues:	
21	Interdepartmental grant from the department of	
22	corrections .....	37,548,900
23	Federal revenues:	
24	Total federal revenues.....	39,520,900
25	Special revenue funds:	
26	CMHSP, purchase of state services contracts .....	136,239,300
27	Other local revenues.....	16,533,500

1	Total private revenues.....	1,000,000
2	Total other state restricted revenues.....	10,876,700
3	State general fund/general purpose.....	\$ 50,048,800
4	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
5	Full-time equated classified positions.....	86.4
6	Public health administration--11.0 FTE positions.....	\$ 1,858,100
7	Minority health grants and contracts--3.0 FTE	
8	positions .....	1,491,000
9	Vital records and health statistics--72.4 FTE	
10	positions .....	<u>7,947,900</u>
11	GROSS APPROPRIATION.....	\$ 11,297,000
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	Interdepartmental grant from the department of human	
15	services .....	745,300
16	Federal revenues:	
17	Total federal revenues.....	3,012,100
18	Special revenue funds:	
19	Total other state restricted revenues.....	5,988,100
20	State general fund/general purpose.....	\$ 1,551,500
21	<b>Sec. 107. HEALTH POLICY, REGULATION, AND</b>	
22	<b>PROFESSIONS</b>	
23	Full-time equated classified positions.....	418.6
24	Health systems administration--194.6 FTE positions...	\$ 22,514,800
25	Emergency medical services program state staff--8.5	
26	FTE positions .....	1,471,900
27	Radiological health administration--21.4 FTE positions	2,671,600

1	Emergency medical services grants and services--7.0	
2	FTE positions .....	488,700
3	Health professions--137.0 FTE positions .....	17,950,600
4	Background check program.....	4,474,400
5	Health policy, regulation, and professions	
6	administration--30.7 FTE positions.....	5,538,300
7	Nurse scholarship, education, and research	
8	program--3.0 FTE positions .....	988,700
9	Certificate of need program administration--14.0 FTE	
10	positions .....	1,769,300
11	Rural health services--1.0 FTE position.....	1,403,800
12	Michigan essential health provider.....	1,847,100
13	Primary care services--1.4 FTE positions.....	<u>2,022,700</u>
14	GROSS APPROPRIATION.....	\$ 63,141,900
15	Appropriated from:	
16	Interdepartmental grant revenues:	
17	Interdepartmental grant from the department of	
18	treasury, Michigan state hospital finance authority.	116,300
19	Federal revenues:	
20	Total federal revenues.....	23,742,100
21	Special revenue funds:	
22	Total local revenues.....	227,700
23	Total private revenues.....	350,000
24	Total other state restricted revenues.....	30,728,400
25	State general fund/general purpose.....	\$ 7,977,400
26	<b>Sec. 108. INFECTIOUS DISEASE CONTROL</b>	
27	Full-time equated classified positions..... 51.0	

1	AIDS prevention, testing, and care programs--12.0		
2	FTE positions .....	\$	37,463,900
3	Immunization local agreements.....		13,990,300
4	Immunization program management and field		
5	support--15.0 FTE positions .....		2,003,500
6	Pediatric AIDS prevention and control--1.0 FTE positions		1,224,800
7	Sexually transmitted disease control local agreements		3,360,700
8	Sexually transmitted disease control management and		
9	field support--23.0 FTE positions.....		<u>3,676,600</u>
10	GROSS APPROPRIATION.....	\$	61,719,800
11	Appropriated from:		
12	Federal revenues:		
13	Total federal revenues.....		40,885,600
14	Special revenue funds:		
15	Total private revenues.....		7,997,900
16	Total other state restricted revenues.....		8,691,400
17	State general fund/general purpose.....	\$	4,144,900
18	<b>Sec. 109. LABORATORY SERVICES</b>		
19	Full-time equated classified positions..... 122.0		
20	Bovine tuberculosis--2.0 FTE positions.....	\$	500,000
21	Laboratory services--120.0 FTE positions.....		<u>16,026,900</u>
22	GROSS APPROPRIATION.....	\$	16,526,900
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	Interdepartmental grant from the department of		
26	environmental quality .....		440,400
27	Federal revenues:		

1	Total federal revenues.....	2,794,600
2	Special revenue funds:	
3	Total other state restricted revenues.....	5,652,200
4	State general fund/general purpose.....	\$ 7,639,700
5	<b>Sec. 110. EPIDEMIOLOGY</b>	
6	Full-time equated classified positions.....	135.5
7	AIDS surveillance and prevention program.....	\$ 2,254,100
8	Asthma prevention and control--2.3 FTE positions.....	1,065,000
9	Bioterrorism preparedness--76.1 FTE positions.....	50,953,300
10	Epidemiology administration--42.1 FTE positions.....	6,862,100
11	Lead abatement program--7.0 FTE positions.....	2,177,700
12	Newborn screening follow-up and treatment	
13	services--8.0 FTE positions .....	3,651,300
14	Tuberculosis control and recalcitrant AIDS program...	<u>867,000</u>
15	GROSS APPROPRIATION.....	\$ 67,830,500
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues.....	61,210,800
19	Special revenue funds:	
20	Total private revenues.....	255,000
21	Total other state restricted revenues.....	4,113,000
22	State general fund/general purpose.....	\$ 2,251,700
23	<b>Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
24	Implementation of 1993 PA 133, MCL 333.17015 .....	\$ 76,500
25	Local health services.....	200,000
26	Local public health operations.....	40,618,400
27	Medical services cost reimbursement to local health	

1	departments .....		<u>4,000,000</u>
2	GROSS APPROPRIATION.....	\$	44,894,900
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		4,000,000
6	Special revenue funds:		
7	Total local revenues.....		5,150,000
8	Total other state restricted revenues.....		200,000
9	State general fund/general purpose.....	\$	35,544,900
10	<b>Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND</b>		
11	<b>HEALTH PROMOTION</b>		
12	Full-time equated classified positions.....	53.1	
13	African-American male health initiative.....	\$	106,700
14	AIDS and risk reduction clearinghouse and media		
15	campaign .....		1,576,000
16	Alzheimer's information network.....		99,500
17	Cancer prevention and control program--13.0 FTE		
18	positions .....		13,596,600
19	Chronic disease prevention--1.1 FTE positions.....		2,279,400
20	Diabetes and kidney program--9.9 FTE positions.....		1,809,300
21	Health education, promotion, and research		
22	programs--9.3 FTE positions .....		809,000
23	Injury control intervention project--1.0 FTE position		104,500
24	Physical fitness, nutrition and health.....		700,000
25	Public health traffic safety coordination--1.7 FTE		
26	positions .....		356,400
27	Smoking prevention program--15.1 FTE positions.....		4,032,000

1	Tobacco tax collection and enforcement .....	610,000
2	Violence prevention--2.0 FTE positions .....	<u>1,889,500</u>
3	GROSS APPROPRIATION.....	\$ 27,968,900
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	19,953,400
7	Special revenue funds:	
8	Total private revenues.....	85,000
9	Total other state restricted revenues.....	6,753,200
10	State general fund/general purpose.....	\$ 1,177,300
11	<b>Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH</b>	
12	<b>SERVICES</b>	
13	Full-time equated classified positions.....	54.4
14	Childhood lead program--6.8 FTE positions.....	\$ 1,557,500
15	Dental programs.....	335,400
16	Dental program for persons with developmental	
17	disabilities .....	151,000
18	Early childhood collaborative secondary prevention...	524,000
19	Family, maternal, and children's health services	
20	administration--41.6 FTE positions.....	5,090,300
21	Family planning local agreements.....	11,635,700
22	Local MCH services.....	7,018,100
23	Migrant health care.....	272,200
24	Pregnancy prevention program.....	5,602,100
25	Prenatal care outreach and service delivery support ..	3,049,300
26	Special projects--6.0 FTE positions.....	5,929,700
27	Sudden infant death syndrome program.....	<u>321,300</u>

1	GROSS APPROPRIATION.....	\$	41,486,600
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		30,550,100
5	Special revenue funds:		
6	Total other state restricted revenues.....		5,700,000
7	State general fund/general purpose.....	\$	5,236,500
8	<b>Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND</b>		
9	<b>NUTRITION PROGRAM</b>		
10	Full-time equated classified positions.....	42.0	
11	Women, infants, and children program administration		
12	and special projects--42.0 FTE positions.....	\$	8,452,100
13	Women, infants, and children program local		
14	agreements and food costs .....		<u>183,273,600</u>
15	GROSS APPROPRIATION.....	\$	191,725,700
16	Appropriated from:		
17	Federal revenues:		
18	Total federal revenues.....		138,481,800
19	Special revenue funds:		
20	Total private revenues.....		53,243,900
21	State general fund/general purpose.....	\$	0
22	<b>Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>		
23	Full-time equated classified positions.....	45.0	
24	Children's special health care services		
25	administration--45.0 FTE positions.....	\$	4,523,100
26	Amputee program.....		184,600
27	Bequests for care and services.....		1,889,100

1	Outreach and advocacy.....	3,773,500
2	Nonemergency medical transportation.....	1,401,100
3	Medical care and treatment.....	<u>179,894,900</u>
4	GROSS APPROPRIATION.....	\$ 191,666,300
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	96,202,800
8	Special revenue funds:	
9	Total private revenues.....	1,000,000
10	Total other state restricted revenues.....	2,210,000
11	State general fund/general purpose.....	\$ 92,253,500
12	<b>Sec. 116. OFFICE OF DRUG CONTROL POLICY</b>	
13	Full-time equated classified positions.....	16.0
14	Drug control policy--16.0 FTE positions.....	\$ 1,747,000
15	Anti-drug abuse grants.....	9,810,100
16	Interdepartmental grant to judiciary for drug	
17	treatment courts .....	<u>1,800,000</u>
18	GROSS APPROPRIATION.....	\$ 13,357,100
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues.....	11,741,400
22	State general fund/general purpose.....	\$ 1,615,700
23	<b>Sec. 117. CRIME VICTIM SERVICES COMMISSION</b>	
24	Full-time equated classified positions.....	10.0
25	Grants administration services--10.0 FTE positions...	\$ 1,277,100
26	Justice assistance grants.....	13,000,000
27	Crime victim rights services grants.....	11,000,000

1	Crime victim's rights fund revenue to	
2	Michigan state police .....	1,027,300
3	Crime victim's rights fund revenue to	
4	department of human services .....	<u>1,300,000</u>
5	GROSS APPROPRIATION.....	\$ 27,604,400
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	14,998,600
9	Special revenue funds:	
10	Total other state restricted revenues.....	12,605,800
11	State general fund/general purpose.....	\$ 0
12	<b>Sec. 118. OFFICE OF SERVICES TO THE AGING</b>	
13	Full-time equated classified positions.....	36.5
14	Commission (per diem \$50.00) .....	\$ 10,500
15	Office of services to aging administration--36.5 FTE	
16	positions .....	5,347,500
17	Community services.....	35,204,200
18	Nutrition services.....	37,708,500
19	Foster grandparent volunteer program.....	2,813,500
20	Retired and senior volunteer program.....	790,200
21	Senior companion volunteer program.....	2,021,200
22	Employment assistance.....	2,818,300
23	Respite care program.....	<u>6,800,000</u>
24	GROSS APPROPRIATION.....	\$ 93,513,900
25	Appropriated from:	
26	Federal revenues:	
27	Total federal revenues.....	52,830,000

1	Special revenue funds:	
2	Total private revenues.....	105,000
3	Merit award trust fund.....	5,000,000
4	Total other state restricted revenues.....	1,800,000
5	State general fund/general purpose.....	\$ 33,778,900
6	<b>Sec. 119. MICHIGAN FIRST HEALTHCARE PLAN</b>	
7	Michigan first healthcare plan.....	<u>\$ 100,000,000</u>
8	GROSS APPROPRIATION.....	\$ 100,000,000
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenues.....	100,000,000
12	State general fund/general purpose.....	\$ 0
13	<b>Sec. 120. MEDICAL SERVICES ADMINISTRATION</b>	
14	Full-time equated classified positions.....	370.4
15	Medical services administration--370.4 FTE positions .	\$ 69,328,900
16	Facility inspection contract.....	132,800
17	MIChild administration.....	4,327,800
18	Health information technology initiatives.....	<u>10,000,000</u>
19	GROSS APPROPRIATION.....	\$ 83,789,500
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues.....	58,317,900
23	State general fund/general purpose.....	\$ 25,471,600
24	<b>Sec. 121. MEDICAL SERVICES</b>	
25	Hospital services and therapy.....	\$ 1,150,541,100
26	Hospital disproportionate share payments.....	45,000,000
27	Physician services.....	295,072,500

1	Medicare premium payments.....	361,169,800
2	Pharmaceutical services.....	62,533,100
3	Home health services.....	76,952,700
4	Transportation.....	10,197,200
5	Auxiliary medical services.....	117,545,500
6	Ambulance services.....	12,053,400
7	Long-term care services.....	1,937,791,800
8	Single point of entry.....	14,724,200
9	Health plan services.....	2,610,568,300
10	MIChild program.....	46,575,600
11	Plan first family planning waiver.....	27,109,000
12	Medicaid adult benefits waiver.....	128,218,000
13	County indigent care and third share plans.....	88,518,500
14	Federal Medicare pharmaceutical program.....	186,001,600
15	Maternal and child health.....	20,279,500
16	Social services to the physically disabled.....	1,344,900
17	Subtotal basic medical services program.....	7,192,196,700
18	School-based services.....	83,427,700
19	Special Medicaid reimbursement.....	243,995,400
20	Subtotal special medical services payments.....	<u>327,423,100</u>
21	GROSS APPROPRIATION.....	\$ 7,519,619,800
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues.....	4,429,036,600
25	Special revenue funds:	
26	Total local revenues.....	62,448,900
27	Total private revenues.....	400,000

1	Merit award trust fund.....	156,900,000
2	Total other state restricted revenues.....	1,374,922,200
3	State general fund/general purpose.....	\$ 1,495,912,100
4	<b>Sec. 122. INFORMATION TECHNOLOGY</b>	
5	Information technology services and projects.....	\$ 33,075,500
6	Michigan Medicaid information system.....	<u>100</u>
7	GROSS APPROPRIATION.....	\$ 33,075,600
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	19,648,400
11	Special revenue funds:	
12	Total other state restricted revenues.....	3,102,200
13	State general fund/general purpose.....	\$ 10,325,000

14 PART 2

15 PROVISIONS CONCERNING APPROPRIATIONS

16 GENERAL SECTIONS

17 Sec. 201. Pursuant to section 30 of article IX of the state  
 18 constitution of 1963, total state spending from state resources  
 19 under part 1 for fiscal year 2007-2008 is \$4,748,100,300.00 and  
 20 state spending from state resources to be paid to units of local  
 21 government for fiscal year 2007-2008 is \$1,328,133,200.00. The  
 22 itemized statement below identifies appropriations from which  
 23 spending to local units of government will occur:

24 DEPARTMENT OF COMMUNITY HEALTH

25 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

1	AND SPECIAL PROJECTS		
2	Community residential and support services .....	\$	387,300
3	Housing and support services .....		695,500
4	Mental health initiatives for older persons .....		1,049,200
5	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS		
6	State disability assistance program substance		
7	abuse services .....	\$	2,509,800
8	Community substance abuse prevention, education, and		
9	treatment programs .....		12,473,800
10	Medicaid mental health services .....		760,430,600
11	Community mental health non-Medicaid services .....		319,566,100
12	Medicaid adult benefits waiver .....		11,732,000
13	Multicultural services .....		5,163,800
14	Medicaid substance abuse services .....		15,190,500
15	Respite services .....		1,000,000
16	Children's waiver home care program .....		5,734,000
17	Omnibus budget reconciliation act implementation .....		2,950,500
18	STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH		
19	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON		
20	MENTAL HEALTH SERVICES		
21	Center for forensic psychiatry .....	\$	290,300
22	PUBLIC HEALTH ADMINISTRATION		
23	Minority health grants and contracts .....	\$	100,000
24	INFECTIOUS DISEASE CONTROL		
25	AIDS prevention, testing and care programs .....	\$	742,200
26	Immunization local agreements .....		2,132,000
27	Sexually transmitted disease control local agreements		421,800

1	LABORATORY SERVICES		
2	Laboratory services.....	\$	55,400
3	LOCAL HEALTH ADMINISTRATION AND GRANTS		
4	Implementation of 1993 PA 133.....	\$	7,700
5	Local public health operations.....		35,468,400
6	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
7	Cancer prevention and control program.....	\$	350,000
8	Diabetes and kidney program.....		313,100
9	Smoking prevention program.....		800,000
10	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES		
11	Childhood lead program.....	\$	105,000
12	Family planning local agreements.....		250,000
13	Pregnancy prevention program.....		2,300,000
14	Prenatal care outreach and service delivery support ..		650,100
15	Special projects.....		228,900
16	CHILDREN'S SPECIAL HEALTH CARE SERVICES		
17	Medical care and treatment.....	\$	528,800
18	Outreach and advocacy.....		1,283,200
19	MEDICAL SERVICES		
20	Hospital services and therapy.....	\$	4,175,700
21	Physician services.....		7,879,400
22	Transportation.....		2,549,300
23	Auxiliary medical services.....		2,061,700
24	Long-term care services.....		79,760,400
25	Medicaid adult benefits waiver.....		9,573,500
26	OFFICE OF SERVICES TO THE AGING		
27	Community services.....	\$	14,854,300

1	Nutrition services.....	11,280,300
2	Foster grandparent volunteer program.....	791,700
3	Retired and senior volunteer program.....	181,300
4	Senior companion volunteer program.....	241,400
5	Respite care program.....	3,427,400
6	CRIME VICTIM SERVICES COMMISSION	
7	Crime victim rights services grants.....	\$ <u>6,800</u>
8	TOTAL OF PAYMENTS TO LOCAL UNITS	
9	OF GOVERNMENT.....	\$ 1,328,133,200

10       Sec. 202. (1) The appropriations authorized under this bill  
 11 are subject to the management and budget act, 1984 PA 431, MCL  
 12 18.1101 to 18.1594.

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

15       Sec. 203. As used in this bill:

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

17       (b) "CMHSP" means a community mental health services program  
 18 as that term is defined in section 100a of the mental health code,  
 19 1974 PA 258, MCL 330.1100a.

20       (c) "Department" means the Michigan department of community  
 21 health.

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

23       (e) "EPSDT" means early and periodic screening, diagnosis, and  
 24 treatment.

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

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

27       (h) "Health plan" means, at a minimum, an organization that

1 meets the criteria for delivering the comprehensive package of  
2 services under the department's comprehensive health plan.

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

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

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

7 (l) "IDG" means interdepartmental grant.

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

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

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

11 (p) "PIHP" means specialty prepaid inpatient health plan for  
12 Medicaid mental health services, services to persons with  
13 developmental disabilities and substance abuse services. A program  
14 described in section 232b of the mental health code, 1974 PA 258,  
15 MCL 330.1232b.

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

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

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

22 (t) "WIC" means women, infants, and children supplemental  
23 nutrition program.

24 Sec. 204. The department of civil service shall bill the  
25 department at the end of the first fiscal quarter for the 1% charge  
26 authorized by section 5 of article XI of the state constitution of  
27 1963. Payments shall be made for the total amount of the billing by

1 the end of the second fiscal quarter.

2       Sec. 205. (1) A hiring freeze is imposed on the state  
3 classified civil service. State departments and agencies are  
4 prohibited from hiring any new state classified civil service  
5 employees and prohibited from filling any vacant state classified  
6 civil service positions. This hiring freeze does not apply to  
7 internal transfers of classified employees from 1 position to  
8 another within a department.

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

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

26       (2) In addition to the funds appropriated in part 1, there is  
27 appropriated an amount not to exceed \$20,000,000.00 for state

1 restricted contingency funds. These funds are not available for  
2 expenditure until they have been transferred to another line item  
3 in this bill under section 393(2) of the department of management  
4 and budget act, 1984 PA 431, MCL 18.1393.

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

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

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

22 Sec. 209. Funds appropriated in part 1 shall not be used for  
23 the purchase of foreign goods or services, or both, if  
24 competitively priced and of comparable quality American goods or  
25 services, or both, are available. Preference should be given to  
26 goods or services, or both, manufactured or provided by Michigan  
27 businesses if they are competitively priced and of comparable

1 quality.

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

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

14       Sec. 214. The use of state-restricted tobacco tax revenue  
15 received for the purpose of tobacco prevention, education, and  
16 reduction efforts and deposited in the healthy Michigan fund shall  
17 not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to  
18 4.431, and shall not be used in attempting to influence the  
19 decisions of the legislature, the governor, or any state agency.

20       Sec. 216. (1) In addition to funds appropriated in part 1 for  
21 all programs and services, there is appropriated for write-offs of  
22 accounts receivable, deferrals, and for prior year obligations in  
23 excess of applicable prior year appropriations, an amount equal to  
24 total write-offs and prior year obligations, but not to exceed  
25 amounts available in prior year revenues.

26       (2) The department's ability to satisfy appropriation  
27 deductions in part 1 shall not be limited to collections and

1 accruals pertaining to services provided in the current fiscal  
2 year, but shall also include reimbursements, refunds, adjustments,  
3 and settlements from prior years.

4       Sec. 218. Basic health services for the purpose of part 23 of  
5 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:  
6 immunizations, communicable disease control, sexually transmitted  
7 disease control, tuberculosis control, prevention of gonorrhea eye  
8 infection in newborns, screening newborns for the 8 conditions  
9 listed in section 5431(1)(a) through (h) of the public health code,  
10 1978 PA 368, MCL 333.5431, community health annex of the Michigan  
11 emergency management plan, and prenatal care.

12       Sec. 219. The department may contract with the Michigan public  
13 health institute for the design and implementation of projects and  
14 for other public health related activities prescribed in section  
15 2611 of the public health code, 1978 PA 368, MCL 333.2611. The  
16 department may develop a master agreement with the institute to  
17 carry out these purposes for up to a 3-year period. The department  
18 shall report to the house of representatives and senate  
19 appropriations subcommittees on community health, the house and  
20 senate fiscal agencies, and the state budget director on or before  
21 November 1, 2007 and May 1, 2008 all of the following:

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

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

26       (c) The expected project duration.

27       (d) A detailed spending plan for each project, including a

1 list of all subgrantees and the amount allocated to each  
2 subgrantee.

3 Sec. 220. All contracts with the Michigan public health  
4 institute funded with appropriations in part 1 shall include a  
5 requirement that the Michigan public health institute submit to  
6 financial and performance audits by the state auditor general of  
7 projects funded with state appropriations.

8 Sec. 223. The department of community health may establish and  
9 collect fees for publications, videos and related materials,  
10 conferences, and workshops. Collected fees shall be used to offset  
11 expenditures to pay for printing and mailing costs of the  
12 publications, videos and related materials, and costs of the  
13 workshops and conferences. The costs shall not exceed fees  
14 collected.

15 Sec. 259. From the funds appropriated in part 1 for  
16 information technology, the department shall pay user fees to the  
17 department of information technology for technology-related  
18 services and projects. Such user fees shall be subject to  
19 provisions of an interagency agreement between the department and  
20 the department of information technology.

21 Sec. 260. Amounts appropriated in part 1 for information  
22 technology may be designated as work projects and carried forward  
23 to support technology projects under the direction of the  
24 department of information technology. Funds designated in this  
25 manner are not available for expenditure until approved as work  
26 projects under section 451a of the management and budget act, 1984  
27 PA 431, MCL 18.1451a.

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

10       Sec. 266. (1) Due to the current budgetary problems in this  
11 state, out-of-state travel shall be limited to situations in which  
12 1 or more of the following conditions apply:

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

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

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

21       (d) The travel is necessary to comply with federal  
22 requirements.

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

25       (f) The travel is financed entirely by federal or nonstate  
26 funds.

27       (2) If out-of-state travel is necessary but does not meet 1 or

1 more of the conditions in subsection (1), the state budget director  
2 may grant an exception to allow the travel. Any exceptions granted  
3 by the state budget director shall be reported on a monthly basis  
4 to the house of representatives and senate standing committees on  
5 appropriations.

6 (3) Not later than January 1 of each year, each department  
7 shall prepare a travel report listing all travel by classified and  
8 unclassified employees outside this state in the immediately  
9 preceding fiscal year that was funded in whole or in part with  
10 funds appropriated in the department's budget. The report shall be  
11 submitted to the chairs and members of the house of representatives  
12 and senate standing committees on appropriations, the fiscal  
13 agencies, and the state budget director. The report shall include  
14 the following information:

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

17 (b) The destination of each travel occurrence.

18 (c) The dates of each travel occurrence.

19 (d) A brief statement of the reason for each travel  
20 occurrence.

21 (e) The transportation and related costs of each travel  
22 occurrence, including the proportion funded with state general  
23 fund/general purpose revenues, the proportion funded with state-  
24 restricted revenues, the proportion funded with federal revenues,  
25 and the proportion funded with other revenues.

26 (f) A total of all out-of-state travel funded for the section.

27 Sec. 270. Within 30 days after receipt of the notification

1 from the attorney general's office of a legal action in which  
2 expenses had been recovered pursuant to section 106(4) of the  
3 social welfare act, 1939 PA 280, MCL 400.106, or any other statute  
4 under which the department has the right to recover expenses, the  
5 department shall submit a written report to the house of  
6 representatives and senate appropriations subcommittees on  
7 community health, the house and senate fiscal agencies, and the  
8 state budget office which includes, at a minimum, all of the  
9 following:

10 (a) The total amount recovered from the legal action.

11 (b) The program or service for which the money was originally  
12 expended.

13 (c) Details on the disposition of the funds recovered such as  
14 the appropriation or revenue account in which the money was  
15 deposited.

16 (d) A description of the facts involved in the legal action.

17 **DEPARTMENTWIDE ADMINISTRATION**

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

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

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

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

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

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

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

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

(c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the

1 state, and privately-owned hospitals, units, and centers licensed  
2 by the state pursuant to sections 134 through 149b of the mental  
3 health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

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

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

13 (f) A system of continuous quality improvement.

14 (g) A system to monitor and evaluate the mental health  
15 services provided.

16 (h) A system that serves at-risk and delinquent youth as  
17 required under the provisions of the mental health code, 1974 PA  
18 258, MCL 330.1001 to 330.2106.

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

1 the contracts between the department and the CMHSPs or PIHPs  
2 entered into under this subsection for fiscal year 2006-2007 does  
3 not exceed the amount of money appropriated in part 1 for the  
4 contracts authorized under this subsection.

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

9 (a) Any new contracts with CMHSPs or PIHPs that would affect  
10 rates or expenditures are enacted.

11 (b) Any amendments to contracts with CMHSPs or PIHPs that  
12 would affect rates or expenditures are enacted.

13 (3) The report required by subsection (2) shall include  
14 information about the changes and their effects on rates and  
15 expenditures.

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 or  
23 PIHP and a statewide summary, each of which shall include at least  
24 the 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.

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

2 (c) Financial information which, minimally, shall include a  
3 description of funding authorized; expenditures by client group and  
4 fund source; and cost information by service category, including  
5 administration. Service category shall include all department-  
6 approved services.

7 (d) Data describing service outcomes which shall include, but  
8 not be limited to, an evaluation of consumer satisfaction, consumer  
9 choice, and quality of life concerns including, but not limited to,  
10 housing and employment.

11 (e) Information about access to community mental health  
12 services programs which shall include, but not be limited to, the  
13 following:

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

15 (ii) The number of people who requested services but did not  
16 receive services.

17 (f) The number of second opinions requested under the code and  
18 the determination of any appeals.

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

24 (h) Lapses and carryforwards during fiscal year 2006-2007 for  
25 CMHSPs or PIHPs.

26 (i) Contracts for mental health services entered into by  
27 CMHSPs or PIHPs with providers, including amount and rates,

1 organized by type of service provided.

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

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

8 (ii) Performance indicator information required to be  
9 submitted to the department in the contracts with CMHSPs or PIHPs.

10 (3) The department shall include data reporting requirements  
11 listed in subsection (2) in the annual contract with each  
12 individual CMHSP or PIHP.

13 (4) The department shall take all reasonable actions to ensure  
14 that the data required are complete and consistent among all CMHSPs  
15 or PIHPs.

16 Sec. 405. (1) The employee wage pass-through funded in  
17 previous years to the community mental health services programs for  
18 direct care workers in local residential settings and for  
19 paraprofessional and other nonprofessional direct care workers in  
20 settings where skill building, community living supports and  
21 training, and personal care services are provided shall continue to  
22 be paid to direct care workers.

23 (2) Each CMHSP or PIHP awarded wage pass-through funds in  
24 fiscal year 2006-2007 shall report on the actual expenditures of  
25 such funds in the format to be determined by the department.

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

1 used to support per diem room and board payments in substance abuse  
2 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 department of human services to  
9 adult foster care providers. Programs accredited by department-  
10 approved accrediting organizations shall be reimbursed at the  
11 personal care rate, while all other eligible programs shall be  
12 reimbursed at the domiciliary care rate.

13 Sec. 407. (1) The amount appropriated in part 1 for substance  
14 abuse prevention, education, and treatment grants shall be expended  
15 for contracting with coordinating agencies. Coordinating agencies  
16 shall work with the CMHSPs or PIHPs to coordinate the care and  
17 services provided to individuals with both mental illness and  
18 substance abuse diagnoses.

19 (2) The department shall approve a fee schedule for providing  
20 substance abuse services and charge participants in accordance with  
21 their ability to pay.

22 Sec. 408. (1) By April 15, 2008, the department shall report  
23 the following data from fiscal year 2006-2007 on substance abuse  
24 prevention, education, and treatment programs to the senate and  
25 house of representatives appropriations subcommittees on community  
26 health, the senate and house fiscal agencies, and the state budget  
27 office:

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

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

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

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

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

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

23 Sec. 410. The department shall assure that substance abuse  
24 treatment is provided to applicants and recipients of public  
25 assistance through the department of human services who are  
26 required to obtain substance abuse treatment as a condition of  
27 eligibility for public assistance.

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

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

16          Sec. 412. The department shall contract directly with the  
17 Salvation Army harbor light program to provide non-Medicaid  
18 substance abuse services at not less than the amount contracted for  
19 in fiscal year 2004-2005.

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

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

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

17       Sec. 424. Each PIHP that contracts with the department to  
18 provide services to the Medicaid population shall adhere to the  
19 following timely claims processing and payment procedure for claims  
20 submitted by health professionals and facilities:

21       (a) A "clean claim" as described in section 111i of the social  
22 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days  
23 after receipt of the claim by the PIHP. A clean claim that is not  
24 paid within this time frame shall bear simple interest at a rate of  
25 12% per annum.

26       (b) A PIHP must state in writing to the health professional or  
27 facility any defect in the claim within 30 days after receipt of

1 the claim.

2 (c) A health professional and a health facility have 30 days  
3 after receipt of a notice that a claim or a portion of a claim is  
4 defective within which to correct the defect. The PIHP shall pay  
5 the claim within 30 days after the defect is corrected.

6 Sec. 425. By April 1, 2008, the department, in conjunction  
7 with the department of corrections, shall report the following data  
8 from fiscal year 2006-2007 on mental health and substance abuse  
9 services to the house of representatives and senate appropriations  
10 subcommittees on community health and corrections, the house and  
11 senate fiscal agencies, and the state budget office:

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

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

21 (c) The number of prisoners with a primary diagnosis of mental  
22 illness and receiving substance abuse services, which shall include  
23 a description and breakdown, minimally encompassing the categories  
24 of inpatient, residential, and outpatient care, of the type of  
25 treatment provided to those prisoners.

26 (d) Data indicating if prisoners receiving mental health  
27 services for a primary diagnosis of mental illness were previously

1 hospitalized in a state psychiatric hospital for persons with  
2 mental illness.

3 (e) Data indicating if prisoners with a primary diagnosis of  
4 mental illness and receiving substance abuse services were  
5 previously hospitalized in a state psychiatric hospital for persons  
6 with mental illness.

7 Sec. 428. Each PIHP and affiliation of CMHSPs shall provide,  
8 from internal resources, local funds to be used as a bona fide part  
9 of the state match required under the Medicaid program in order to  
10 increase capitation rates for PIHPs. These funds shall not include  
11 either state funds received by a CMHSP for services provided to  
12 non-Medicaid recipients or the state matching portion of the  
13 Medicaid capitation payments made to a PIHP.

14 Sec. 435. A county required under the provisions of the mental  
15 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide  
16 matching funds to a CMHSP for mental health services rendered to  
17 residents in its jurisdiction shall pay the matching funds in equal  
18 installments on not less than a quarterly basis throughout the  
19 fiscal year, with the first payment being made by October 1, 2007.

20 Sec. 442. (1) The department shall assure that persons  
21 enrolled in the Medicaid adult benefits waiver program shall  
22 receive mental health services as approved in the state plan  
23 amendment.

24 (2) Capitation payments to CMHSPs for persons who become  
25 enrolled in the Medicaid adult benefits waiver program shall be  
26 made using the same rate methodology as payments for the current  
27 Medicaid beneficiaries.

1           (3) If enrollment in the Medicaid adult benefits waiver  
2 program does not achieve expectations and the funding appropriated  
3 for the Medicaid adult benefits waiver program for specialty  
4 services is not expended, the general fund balance shall be  
5 transferred back to the community mental health non-Medicaid  
6 services line. The department shall report quarterly to the senate  
7 and house of representatives appropriations subcommittees on  
8 community health a summary of eligible expenditures for the  
9 Medicaid adult benefits waiver program by CMHSPs.

10           Sec. 456. (1) CMHSPs and PIHPs shall honor consumer choice to  
11 the fullest extent possible when providing services and support  
12 programs for individuals with mental illness, developmental  
13 disabilities, or substance abuse issues. Consumer choices shall  
14 include skill-building assistance, rehabilitative and habilitative  
15 services, supported and integrated employment services program  
16 settings, and other work preparatory services provided in the  
17 community or by accredited community-based rehabilitation  
18 organizations. CMHSPs and PIHPs shall not arbitrarily eliminate or  
19 restrict any choices from the array of services and program  
20 settings available to consumers without reasonable justification  
21 that those services are not in the consumer's best interest.

22           (2) CMHSPs and PIHPs shall take all necessary steps to ensure  
23 that individuals with mental illness, developmental disabilities,  
24 or substance abuse issues be placed in the least restrictive  
25 setting in the quickest amount of time possible if it is the  
26 individual's choice.

27           Sec. 463. The department shall use standard program evaluation

1 measures to assess the overall effectiveness of programs provided  
2 through coordinating agencies and service providers in reducing and  
3 preventing the incidence of substance abuse. The measures used by  
4 the department shall be modeled after the program outcome measures  
5 and best practice guidelines for the treatment of substance abuse  
6 as proposed by the federal substance abuse and mental health  
7 services administration.

8       Sec. 465. Funds appropriated in part 1 for respite services  
9 shall be used for direct respite care services for children with  
10 serious emotional disturbances and their families. Not more than  
11 1% of the funds allocated for respite services shall be expended by  
12 CMHSPs for administration and administrative purposes.

13       Sec. 468. To foster a more efficient administration of and to  
14 integrate care in publicly funded mental health and substance abuse  
15 services, the department shall recommend changes in its criteria  
16 for the incorporation of a city, county, or regional substance  
17 abuse coordinating agency into a local community mental health  
18 authority that will encourage those city, county, or regional  
19 coordinating agencies to incorporate as local community mental  
20 health authorities. If necessary, the department may make  
21 accommodations or adjustments in formula distribution to address  
22 administrative costs related to the recommended changes to the  
23 criteria made in accordance with this section and to the  
24 incorporation of the additional coordinating agencies into local  
25 community mental health authorities provided that all of the  
26 following are satisfied:

27       (a) The department provides funding for the administrative

1 costs incurred by coordinating agencies incorporating into  
2 community mental health authorities. The department shall not  
3 provide more than \$75,000.00 to any coordinating agency for  
4 administrative costs.

5 (b) The accommodations or adjustments do not favor  
6 coordinating agencies who voluntarily elect to integrate with local  
7 community mental health authorities.

8 (c) The accommodations or adjustments do not negatively affect  
9 other coordinating agencies.

10 Sec. 470. For those substance abuse coordinating agencies that  
11 have voluntarily incorporated into community mental health  
12 authorities and accepted funding from the department for  
13 administrative costs incurred pursuant to section 468 of this act,  
14 the department shall establish written expectations for those  
15 CMHSPs, PIHPs, and substance abuse coordinating agencies and  
16 counties with respect to the integration of mental health and  
17 substance abuse services. At a minimum, the written expectations  
18 shall provide for the integration of those services as follows:

19 (a) Coordination and consolidation of administrative functions  
20 and redirection of efficiencies into service enhancements.

21 (b) Consolidation of points of 24-hour access for mental  
22 health and substance abuse services in every community.

23 (c) Alignment of coordinating agencies and PIHPs boundaries to  
24 maximize opportunities for collaboration and integration of  
25 administrative functions and clinical activities.

26 Sec. 474. The department shall ensure that each contract with  
27 a CMHSP or PIHP requires the CMHSP or PIHP to provide each

1 recipient and his or her family with information regarding the  
2 different types of guardianship and the alternatives to  
3 guardianship. A CMHSP or PIHP shall not, in any manner, attempt to  
4 reduce or restrict the ability of a recipient or his or her family  
5 from seeking to obtain any form of legal guardianship without just  
6 cause.

7 **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL**  
8 **DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

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

15 (2) The department shall continue a revenue recapture project  
16 to generate additional revenues from third parties related to cases  
17 that have been closed or are inactive. Upon approval by the state  
18 budget director, such revenues may be allotted and spent for  
19 departmental costs and contractual fees associated with these  
20 retroactive collections and to improve ongoing departmental  
21 reimbursement management functions.

22 Sec. 602. Unexpended and unencumbered amounts and accompanying  
23 expenditure authorizations up to \$1,000,000.00 remaining on  
24 September 30, 2008 from the amounts appropriated in part 1 for  
25 gifts and bequests for patient living and treatment environments  
26 shall be carried forward for 1 fiscal year. The purpose of gifts

1 and bequests for patient living and treatment environments is to  
2 use additional private funds to provide specific enhancements for  
3 individuals residing at state-operated facilities. Use of the gifts  
4 and bequests shall be consistent with the stipulation of the donor.  
5 The expected completion date for the use of gifts and bequests  
6 donations is within 3 years unless otherwise stipulated by the  
7 donor.

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

15       Sec. 604. (1) The CMHSPs or PIHPs shall provide annual reports  
16 to the department on the following information:

17       (a) The number of days of care purchased from state hospitals  
18 and centers.

19       (b) The number of days of care purchased from private  
20 hospitals in lieu of purchasing days of care from state hospitals  
21 and centers.

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

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

26       (2) The department shall annually report the information in  
27 subsection (1) to the house of representatives and senate

1 appropriations subcommittees on community health, the house and  
2 senate fiscal agencies, and the state budget director.

3       Sec. 605. (1) The department shall not implement any closures  
4 or consolidations of state hospitals, centers, or agencies until  
5 CMHSPs or PIHPs have programs and services in place for those  
6 persons currently in those facilities and a plan for service  
7 provision for those persons who would have been admitted to those  
8 facilities.

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

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

20       (4) Upon the closure of state-run operations and after  
21 transitional costs have been paid, the remaining balances of funds  
22 appropriated for that operation shall be transferred to CMHSPs or  
23 PIHPs responsible for providing services for persons previously  
24 served by the operations.

25       Sec. 606. The department may collect revenue for patient  
26 reimbursement from first- and third-party payers, including  
27 Medicaid and local county CMHSP payers, to cover the cost of

1 placement in state hospitals and centers. The department is  
2 authorized to adjust financing sources for patient reimbursement  
3 based on actual revenues earned. If the revenue collected exceeds  
4 current year expenditures, the revenue may be carried forward with  
5 approval of the state budget director. The revenue carried forward  
6 shall be used as a first source of funds in the subsequent year.

#### 7 **PUBLIC HEALTH ADMINISTRATION**

8 Sec. 650. The department shall communicate the annual public  
9 health consumption advisory for sportfish. The department shall,  
10 at a minimum, post the advisory on the Internet and make the  
11 information in the advisory available to the clients of the women,  
12 infants, and children special supplemental nutrition program.

13 Sec. 651. By April 30, 2008, the department shall submit a  
14 report to the house and senate fiscal agencies and the state budget  
15 director on the activities and efforts of the surgeon general to  
16 improve the health status of the citizens of this state with regard  
17 to the goals and objectives stated in the "Healthy Michigan 2010"  
18 report, and the measurable progress made toward those goals and  
19 objectives.

#### 20 **HEALTH POLICY, REGULATION, AND PROFESSIONS**

21 Sec. 704. The department shall ensure that a sufficient number  
22 of qualified emergency medical services personnel exist to serve  
23 rural areas of the state.

24 Sec. 706. When hiring any new nursing home inspectors funded  
25 through appropriations in part 1, the department shall make every

1 effort to hire individuals with past experience in the long-term  
2 care industry.

3       Sec. 707. The funds appropriated in part 1 for the nurse  
4 scholarship program, established in section 16315 of the public  
5 health code, 1978 PA 368, MCL 333.16315, shall be used to increase  
6 the number of nurses practicing in Michigan. The board of nursing  
7 is encouraged to structure scholarships funded under this bill in a  
8 manner that rewards recipients who intend to practice nursing in  
9 Michigan. In addition, the department and the board of nursing  
10 shall work cooperatively with the Michigan higher education  
11 assistance authority to coordinate scholarship assistance with  
12 scholarships provided pursuant to the Michigan nursing scholarship  
13 act, 2002 PA 591, MCL 390.1181 to 390.1189.

14       Sec. 708. Nursing facilities shall report in the quarterly  
15 staff report to the department, the total patient care hours  
16 provided each month, by state licensure and certification  
17 classification, and the percentage of pool staff, by state  
18 licensure and certification classification, used each month during  
19 the preceding quarter. The department shall make available to the  
20 public, the quarterly staff report compiled for all facilities  
21 including the total patient care hours and the percentage of pool  
22 staff used, by classification.

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

27       Sec. 710. From the funds appropriated in part 1 for primary

1 care services, an amount not to exceed \$1,723,300.00 is  
2 appropriated to enhance the service capacity of the federally  
3 qualified health centers and other health centers which are similar  
4 to federally qualified health centers.

5 Sec. 711. The department may make available to interested  
6 entities customized listings of nonconfidential information in its  
7 possession, such as names and addresses of licensees. The  
8 department may establish and collect a reasonable charge to provide  
9 this service. The revenue received from this service shall be used  
10 to offset expenses to provide the service. Any balance of this  
11 revenue collected and unexpended at the end of the fiscal year  
12 shall revert to the appropriate restricted fund.

13 Sec. 712. From the funds appropriated in part 1 for primary  
14 care services, \$250,000.00 shall be allocated to free health  
15 clinics operating in the state. The department shall distribute  
16 the funds equally to each free health clinic. For the purpose of  
17 this appropriation, free health clinics are nonprofit organizations  
18 that use volunteer health professionals to provide care to  
19 uninsured individuals.

20 Sec. 714. The department shall report to the legislature on  
21 the timeliness of nursing facility complaint investigations and the  
22 number of complaints that are substantiated on an annual basis.  
23 The report shall consist of the number of complaints filed by  
24 consumers and the number of facility-reported incidents. The  
25 department shall make every effort to contact every complainant and  
26 the subject of a complaint during an investigation.

**INFECTIOUS DISEASE CONTROL**

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

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

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications. If funding is not sufficient to maintain the prior year eligibility criteria and drug formulary, the department may revise the eligibility criteria and drug formulary in a manner that is consistent with federal program guidelines.

**EPIDEMIOLOGY**

Sec. 851. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report

1 shall include, but is not limited to, a funding allocation  
2 schedule, expenditures by category of expenditure and by  
3 subcontractor, revenues received, description of program elements,  
4 and description of program accomplishments and progress.

5 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

6 Sec. 901. The amount appropriated in part 1 for implementation  
7 of the 1993 amendments to sections 9161, 16221, 16226, 17014,  
8 17015, and 17515 of the public health code, 1978 PA 368, MCL  
9 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and  
10 333.17515, shall reimburse local health departments for costs  
11 incurred related to implementation of section 17015(18) of the  
12 public health code, 1978 PA 368, MCL 333.17015.

13 Sec. 902. If a county that has participated in a district  
14 health department or an associated arrangement with other local  
15 health departments takes action to cease to participate in such an  
16 arrangement after October 1, 2007, the department shall have the  
17 authority to assess a penalty from the local health department's  
18 operational accounts in an amount equal to no more than 5% of the  
19 local health department's local public health operations funding.  
20 This penalty shall only be assessed to the local county that  
21 requests the dissolution of the health department.

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

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

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

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

13 (4) By April 1, 2008, the department shall make available upon  
14 request a report to the senate or house of representatives  
15 appropriations subcommittee on community health, the senate or  
16 house fiscal agency, or the state budget director on the planned  
17 allocation of the funds appropriated for local public health  
18 operations.

19 Sec. 905. From the funds appropriated in part 1 for local  
20 public health operations, \$5,150,000.00 shall be used to continue  
21 funding hearing and vision screening services through local public  
22 health departments.

#### 23 CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

24 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's  
25 information network shall be used to provide information and  
26 referral services through regional networks for persons with

1 Alzheimer's disease or related disorders, their families, and  
2 health care providers.

3       Sec. 1006. (1) In spending the funds appropriated in part 1  
4 for the smoking prevention program, priority shall be given to  
5 prevention and smoking cessation programs for pregnant women, women  
6 with young children, and adolescents.

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

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

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

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

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

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

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

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

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

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

14       Sec. 1104. Before April 1, 2008, the department shall submit a  
15 report to the house and senate fiscal agencies and the state budget  
16 director on planned allocations from the amounts appropriated in  
17 part 1 for local MCH services, prenatal care outreach and service  
18 delivery support, family planning local agreements, and pregnancy  
19 prevention programs. Using applicable federal definitions, the  
20 report shall include information on all of the following:

21       (a) Funding allocations.

22       (b) Actual number of women, children, and/or adolescents  
23 served and amounts expended for each group for the fiscal year  
24 2006-2007.

25       Sec. 1105. For all programs for which an appropriation is made  
26 in part 1, the department shall contract with those local agencies

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

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

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

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

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

26       (2) Not later than December 1 of the current fiscal year, the  
27 department shall make available upon request a report to the senate

1 or house of representatives appropriations subcommittee on  
2 community health or the senate or house of representatives standing  
3 committee on health policy the number of individual patients  
4 treated, number of procedures performed, and approximate total  
5 market value of those procedures through September 30, 2007.

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

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

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

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

27 Sec. 1133. The department shall release infant mortality rate

1 data to all local public health departments no later than 48 hours  
2 prior to releasing infant mortality rate data to the public.

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

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

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

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

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

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

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

20 (c) Provide genetic diagnostic and counseling services for  
21 eligible families.

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

25 Sec. 1203. All children who are determined medically eligible

1 for the children's special health care services program shall be  
2 referred to the appropriate locally based services program in their  
3 community.

4 **OFFICE OF DRUG CONTROL POLICY**

5 Sec. 1250. The department shall provide \$1,800,000.00 in Byrne  
6 formula grant program funding to the judiciary by interdepartmental  
7 grant.

8 **OFFICE OF SERVICES TO THE AGING**

9 Sec. 1401. The appropriation in part 1 to the office of  
10 services to the aging, for community and nutrition services and  
11 home services, shall be restricted to eligible individuals at least  
12 60 years of age who fail to qualify for home care services under  
13 title XVIII, XIX, or XX.

14 Sec. 1403. The office of services to the aging shall require  
15 each region to report to the office of services to the aging home  
16 delivered meals waiting lists based upon standard criteria.  
17 Determining criteria shall include all of the following:

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

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

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

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

24 Sec. 1404. The area agencies and local providers may receive  
25 and expend fees for the provision of day care, care management,

1 respite care, and certain eligible home- and community-based  
2 services. The fees shall be based on a sliding scale, taking  
3 client income into consideration. The fees shall be used to expand  
4 services.

5       Sec. 1406. The appropriation of \$5,000,000.00 of merit award  
6 trust funds to the office of services to the aging for the respite  
7 care program shall be allocated in accordance with a long-term care  
8 plan developed by the long-term care working group established in  
9 section 1657 of 1998 PA 336 upon implementation of the plan. The  
10 use of the funds shall be for direct respite care or adult respite  
11 care center services. Not more than 9% of the amount allocated  
12 under this section shall be expended for administration and  
13 administrative purposes.

14       Sec. 1413. The office of services to the aging affirms the  
15 commitment to locally-based services, and supports the role of  
16 local county board of commissioners in the approval of area agency  
17 on aging plans. Local counties may request to change membership in  
18 the area agencies on aging if the change is to an area agency on  
19 aging region that is contiguous to that county pursuant to office  
20 of services to the aging policies and procedures for area agency of  
21 aging designation. The office of services to the aging may work  
22 with others to provide training to commissions to better understand  
23 and advocate for aging issues. Area agencies on aging are  
24 prohibited from providing direct services, other than access  
25 services, unless the agencies receive a waiver from the commission  
26 on services to the aging. This section is conditioned on  
27 compliance with federal and state laws, rules, and policies.

1       Sec. 1416. The office of services to the aging may provide in-  
2 home services, resources, and assistance for the frail elderly who  
3 are not being served by the Medicaid home- and community-based  
4 services waiver program.

5       **MICHIGAN FIRST HEALTHCARE PLAN**

6       Sec. 1501. (1) Funds appropriated in part 1 for the Michigan  
7 first healthcare plan are contingent upon approval of a waiver from  
8 the federal government.

9       (2) In addition to the funds appropriated in part 1 for the  
10 Michigan first healthcare plan, up to \$300,000,000.00 in federal  
11 funds shall be appropriated upon approval of a waiver from the  
12 federal government.

13       **MEDICAL SERVICES**

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

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

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

1 department.

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

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

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

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

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

6           Sec. 1606. For the purpose of guardian and conservator  
7 charges, the department of community health may deduct up to \$45.00  
8 per month as an allowable expense against a recipient's income when  
9 determining medical services eligibility and patient pay amounts.

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

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

1 applicant's residence.

2 (3) In the event that an applicant, presumed to be eligible  
3 pursuant to subsection (1), is subsequently found to be ineligible,  
4 a Medicaid physician or managed care plan that has been providing  
5 pregnancy services to an applicant under this section is entitled  
6 to reimbursement for those services until such time as they are  
7 notified by the department that the applicant was found to be  
8 ineligible for Medicaid.

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

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

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

1 nonenrolled provider to accept medical services payments as payment  
2 in full.

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

9 Sec. 1620. (1) For fee-for-service recipients who do not  
10 reside in nursing homes, the pharmaceutical dispensing fee shall be  
11 \$2.50 or the pharmacy's usual or customary cash charge, whichever  
12 is less. For nursing home residents, the pharmaceutical dispensing  
13 fee shall be \$2.75 or the pharmacy's usual or customary cash  
14 charge, whichever is less.

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

19 (3) For fee-for-service recipients, an optional mail-order  
20 pharmacy program shall be available.

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

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

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

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

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

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

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

22           Sec. 1630. (1) Medicaid coverage for podiatric services, adult  
23 dental services, and chiropractic services shall continue at not  
24 less than the level in effect on October 1, 2002, except that  
25 reasonable utilization limitations may be adopted in order to  
26 prevent excess utilization. The department shall not impose  
27 utilization restrictions on chiropractic services unless a

1 recipient has exceeded 18 office visits within 1 year.

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

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

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

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

13 (b) Six dollars for a hospital emergency room visit.

14 (c) Fifty dollars for the first day of an inpatient hospital  
15 stay.

16 (d) One dollar for an outpatient hospital visit.

17 Sec. 1637. (1) All adult Medicaid recipients shall be offered  
18 the opportunity to sign a Medicaid personal responsibility  
19 agreement.

20 (2) The personal responsibility agreement shall include at  
21 minimum the following provisions:

22 (a) That the recipient shall not smoke.

23 (b) That the recipient shall attend all scheduled medical  
24 appointments.

25 (c) That the recipient shall exercise regularly.

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

1 (e) That the recipient shall abstain from abusing controlled  
2 substances and narcotics.

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

7 Sec. 1643. Of the funds appropriated in part 1 for graduate  
8 medical education in the hospital services and therapy line-item  
9 appropriation, not less than \$10,359,000.00 shall be allocated for  
10 the psychiatric residency training program that establishes and  
11 maintains collaborative relations with the schools of medicine at  
12 Michigan State University and Wayne State University if the  
13 necessary allowable Medicaid matching funds are provided by the  
14 universities.

15 Sec. 1648. The department shall maintain an automated toll-  
16 free phone line and make available an on-line resource to enable  
17 medical providers to obtain enrollment and benefit information of  
18 Medicaid recipients. There shall be no charge to providers for the  
19 use of the toll-free phone line or on-line resource.

20 Sec. 1649. From the funds appropriated in part 1 for medical  
21 services, the department shall continue breast and cervical cancer  
22 treatment coverage for women up to 250% of the federal poverty  
23 level, who are under age 65, and who are not otherwise covered by  
24 insurance. This coverage shall be provided to women who have been  
25 screened through the centers for disease control breast and  
26 cervical cancer early detection program, and are found to have  
27 breast or cervical cancer, pursuant to the breast and cervical

1 cancer prevention and treatment act of 2000, Public Law 106-354,  
2 114 Stat. 1381.

3 Sec. 1650. (1) The department may require medical services  
4 recipients residing in counties offering managed care options to  
5 choose the particular managed care plan in which they wish to be  
6 enrolled. Persons not expressing a preference may be assigned to a  
7 managed care provider.

8 (2) Persons to be assigned a managed care provider shall be  
9 informed in writing of the criteria for exceptions to capitated  
10 managed care enrollment, their right to change HMOs for any reason  
11 within the initial 90 days of enrollment, the toll-free telephone  
12 number for problems and complaints, and information regarding  
13 grievance and appeals rights.

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

23 Sec. 1651. (1) Medical services patients who are enrolled in  
24 HMOs have the choice to elect hospice services or other services  
25 for the terminally ill that are offered by the HMOs. If the  
26 patient elects hospice services, those services shall be provided  
27 in accordance with part 214 of the public health code, 1978 PA 368,

1 MCL 333.21401 to 333.21420.

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

6 Sec. 1653. Implementation and contracting for managed care by  
7 the department through HMOs shall be subject to the following  
8 conditions:

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

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

15 (c) Mandatory enrollment of Medicaid beneficiaries living in  
16 counties defined as rural by the federal government, which is any  
17 nonurban standard metropolitan statistical area, is allowed if  
18 there is only 1 HMO serving the Medicaid population, as long as  
19 each Medicaid beneficiary is assured of having a choice of at least  
20 2 physicians by the HMO.

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

23 (e) The department shall develop a case adjustment to its rate  
24 methodology that considers the costs of persons with HIV/AIDS, end  
25 stage renal disease, organ transplants, and other high-cost  
26 diseases or conditions and shall implement the case adjustment when  
27 it is proven to be actuarially and fiscally sound. Implementation

1 of the case adjustment must be budget neutral.

2       Sec. 1654. Medicaid HMOs shall provide for reimbursement of  
3 HMO covered services delivered other than through the HMO's  
4 providers if medically necessary and approved by the HMO,  
5 immediately required, and that could not be reasonably obtained  
6 through the HMO's providers on a timely basis. Such services shall  
7 be considered approved if the HMO does not respond to a request for  
8 authorization within 24 hours of the request. Reimbursement shall  
9 not exceed the Medicaid fee-for-service payment for those services.

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

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

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

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

25       Sec. 1657. (1) Reimbursement for medical services to screen  
26 and stabilize a Medicaid recipient, including stabilization of a  
27 psychiatric crisis, in a hospital emergency room shall not be made

1 contingent on obtaining prior authorization from the recipient's  
2 HMO. If the recipient is discharged from the emergency room, the  
3 hospital shall notify the recipient's HMO within 24 hours of the  
4 diagnosis and treatment received.

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

9 (3) Subsections (1) and (2) shall not be construed as a  
10 requirement to alter an existing agreement between an HMO and their  
11 contracting hospitals nor as a requirement that an HMO must  
12 reimburse for services that are not considered to be medically  
13 necessary.

14 (4) Prior to contracting with an HMO for managed care services  
15 that did not have a contract with the department before October 1,  
16 2002, the department shall receive assurances from the office of  
17 financial and insurance services that the HMO meets the net worth  
18 and financial solvency requirements contained in chapter 35 of the  
19 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

20 Sec. 1658. (1) HMOs shall have contracts with hospitals within  
21 a reasonable distance from their enrollees. If a hospital does not  
22 contract with the HMO in its service area, that hospital shall  
23 enter into a hospital access agreement as specified in the medical  
24 services administration bulletin hospital 01-19.

25 (2) A hospital access agreement specified in subsection (1)  
26 shall be considered an affiliated provider contract pursuant to the  
27 requirements contained in chapter 35 of the insurance code of 1956,

1 1956 PA 218, MCL 500.3501 to 500.3580.

2 Sec. 1659. The following sections of this bill are the only  
3 ones that shall apply to the following Medicaid managed care  
4 programs, including the comprehensive plan, MIChoice long-term care  
5 plan, and the mental health, substance abuse, and developmentally  
6 disabled services program: 401, 402, 404, 411, 414, 418, 424, 428,  
7 456, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661,  
8 1662, and 1699.

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

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

24 (3) The department shall require Medicaid HMOs to provide  
25 EPSDT utilization data through the encounter data system, and  
26 health employer data and information set well child health measures  
27 in accordance with the National Committee on Quality Assurance

1 prescribed methodology.

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

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

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

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

26 (3) The department shall assure the coordination of MSS/ISS  
27 services with the WIC program, state-supported substance abuse,

1 smoking prevention, and violence prevention programs, the  
2 department of human services, and any other state or local program  
3 with a focus on preventing adverse birth outcomes and child abuse  
4 and neglect.

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

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

17       (3) The department shall work with the Michigan association of  
18 health plans and the Michigan association for local public health  
19 to improve service delivery and coordination in the MSS/ISS and  
20 EPSDT programs.

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

24       Sec. 1670. (1) The appropriation in part 1 for the MICHild  
25 program is to be used to provide comprehensive health care to all  
26 children under age 19 who reside in families with income at or  
27 below 200% of the federal poverty level, who are uninsured and have

1 not had coverage by other comprehensive health insurance within 6  
2 months of making application for MICHild benefits, and who are  
3 residents of this state. The department shall develop detailed  
4 eligibility criteria through the medical services administration  
5 public concurrence process, consistent with the provisions of this  
6 bill. Health coverage for children in families between 150% and  
7 200% of the federal poverty level shall be provided through a  
8 state-based private health care program.

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

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

21 (4) To be eligible for the MICHild program, a child must be  
22 residing in a family with an adjusted gross income of less than or  
23 equal to 200% of the federal poverty level. The department's  
24 verification policy shall be used to determine eligibility.

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

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

3 (a) "Dental care corporation", "health care corporation",  
4 "insurer", and "prudent purchaser agreement" mean those terms as  
5 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL  
6 550.52.

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

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

11 (7) The department may make payments on behalf of children  
12 enrolled in the MICHild program from the line-item appropriation  
13 associated with the program as described in the MICHild state plan  
14 approved by the United States department of health and human  
15 services.

16 Sec. 1673. (1) The department may establish premiums for  
17 MICHild eligible persons in families with income above 150% of the  
18 federal poverty level. The monthly premiums shall not be less than  
19 \$10.00 or exceed \$15.00 for a family.

20 (2) The department shall not require copayments under the  
21 MICHild program.

22 Sec. 1680. Payment increases for enhanced wages and new or  
23 enhanced employee benefits provided in previous years through the  
24 Medicaid nursing home wage pass-through program shall be continued.

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

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

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

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

16       (3) Any unexpended penalty money, at the end of the year,  
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 persons  
23 with chronic illnesses that reduce the rate of suicide through the  
24 advancement of the knowledge and use of improved, appropriate pain  
25 management for these persons; and initiatives that train health  
26 care practitioners and faculty in managing pain, providing  
27 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 most  
4 recent cost report prepared and certified by the preparer, provider  
5 corporate owner or representative as being true and accurate, and  
6 filed timely, within 5 months of the fiscal year end in accordance  
7 with Medicaid policy. If the audited version of the last report is  
8 available, it shall be used. Any rate factors based on the filed  
9 cost report may be retroactively adjusted upon completion of the  
10 audit of that cost report.

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

18       Sec. 1689. Priority in enrolling additional persons in the  
19 Medicaid home- and community-based services waiver program shall be  
20 given to those who are currently residing in nursing homes or who  
21 are eligible to be admitted to a nursing home if they are not  
22 provided home- and community-based services. The department shall  
23 use screening and assessment procedures to assure that no  
24 additional Medicaid eligible persons are admitted to nursing homes  
25 who would be more appropriately served by the Medicaid home- and  
26 community-based services waiver program.

27       Sec. 1690. The department shall limit the annual increase in

1 the variable cost component and the variable cost limit of the  
2 Medicaid reimbursement rate for nursing facilities and hospital  
3 long term care units to no more than the annual increase in the  
4 Center for Medicare and Medicaid Services nursing home market  
5 basket index.

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

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

19 (a) Finance activities within the medical services  
20 administration related to this project.

21 (b) Reimburse participating school districts pursuant to the  
22 fund-sharing ratios negotiated in the state-local agreements  
23 authorized in subsection (1).

24 (c) Offset general fund costs associated with the medical  
25 services program.

26 Sec. 1693. The special Medicaid reimbursement appropriation in  
27 part 1 may be increased if the department submits a medical

1 services state plan amendment pertaining to this line item at a  
2 level higher than the appropriation. The department is authorized  
3 to appropriately adjust financing sources in accordance with the  
4 increased appropriation.

5 Sec. 1694. The department of community health shall distribute  
6 \$695,000.00 to children's hospitals that have a high indigent care  
7 volume. The amount to be distributed to any given hospital shall  
8 be based on a formula determined by the department of community  
9 health.

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

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

22 Sec. 1699. The department may make separate payments directly  
23 to qualifying hospitals serving a disproportionate share of  
24 indigent patients in the amount of \$45,000,000.00, and to hospitals  
25 providing graduate medical education training programs. If direct  
26 payment for GME and DSH is made to qualifying hospitals for  
27 services to Medicaid clients, hospitals will not include GME costs

1 or DSH payments in their contracts with HMOs.

2       Sec. 1718. The department shall provide each Medicaid adult  
3 home help beneficiary or applicant with the right to a fair hearing  
4 when the department or its agent reduces, suspends, terminates, or  
5 denies adult home help services. If the department takes action to  
6 reduce, suspend, terminate, or deny adult home help services, it  
7 shall provide the beneficiary or applicant with a written notice  
8 that states what action the department proposes to take, the  
9 reasons for the intended action, the specific regulations that  
10 support the action, and an explanation of the beneficiary's or  
11 applicant's right to an evidentiary hearing and the circumstances  
12 under which those services will be continued if a hearing is  
13 requested.

14       Sec. 1722. (1) From the funds appropriated in part 1 for  
15 special Medicaid reimbursement payments, the department is  
16 authorized to make a disproportionate share payment of  
17 \$33,167,700.00 for health services provided by Hutzel Hospital.

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

21       Sec. 1740. From the funds appropriated in part 1 for health  
22 plan services, the department shall assure that all GME funds are  
23 promptly distributed to qualifying hospitals using a methodology  
24 developed in consultation with the graduate medical education  
25 advisory group. The advisory group shall include representatives  
26 of the Michigan health and hospital association and Michigan  
27 association of health plans.

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

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

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

7           (c) The hospital provides surgical services.

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