

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

(4) By April 1, 2003, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

Funding distribution methodology.

Sec. 905. In implementing the new funding distribution methodology developed by the local public health operations funding formula workgroup, the department shall allocate to local health departments in fiscal year 2002-2003 no less than 100% of their fiscal year 2001-2002 allocation.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Promotion of awareness, education, and early detection of certain cancers.

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

School health education curriculum; steering committee; parental request for course content.

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

- (a) The department of education.
- (b) The department of community health.
- (c) The health administration in the department of community health.
- (d) The bureau of mental health and substance abuse services in the department of community health.
- (e) The family independence agency.
- (f) The department of state police.

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

Alzheimer's information network.

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

Michigan physical fitness and sports foundation.

Sec. 1005. From the funds appropriated in part 1 for physical fitness, nutrition, and health, up to \$755,000.00, unless otherwise adjusted pursuant to section 263, may be allocated to the Michigan physical fitness and sports foundation. The allocation to the Michigan physical fitness and sports foundation is contingent upon the foundation providing at least a 20% cash match.

Prevention and smoking cessation program.

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

Violence prevention.

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

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

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

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

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

Cancer prevention and control; allocations.

Sec. 1008. Contingent on the availability of additional funds appropriated for the cancer prevention and control program, including funds appropriated pursuant to section 263, \$1,500,000.00 shall be allocated to the Karmanos Cancer Institute/Wayne State University, to the University of Michigan comprehensive cancer center, and to Michigan State University for cancer and cancer prevention services and activities, consistent with the current priorities of the Michigan cancer consortium.

Kidney disease prevention.

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

Osteoporosis prevention and treatment education program.

Sec. 1010. Of the funds appropriated in part 1 for the health education, promotion, and research programs, the department shall allocate not less than \$400,000.00 to implement the osteoporosis prevention and treatment education program targeting women and school health education. As part of the program, the department shall design and implement strategies for raising public awareness on the causes and nature of osteoporosis, personal risk factors, value of prevention and early detection, and options for diagnosing and treating osteoporosis.

African-American male health initiative; pilot project.

Sec. 1011. Contingent on the availability of additional funds appropriated for the African-American male health initiative, the department may provide funding to support a pilot project for cancer prevention and early detection for high-risk African-American low-income men. The pilot project may be conducted by a group composed of the department, the Barbara Ann Karmanos Cancer Institute, and federally qualified health centers. Services that the pilot project may make available to uninsured or underinsured high-risk men, subject to informed consent, include screening for prostate cancer and colorectal cancer. Funds may be used for diagnostic services if screening results are abnormal and for treatment services if cancer is diagnosed.

Michigan Parkinson's Initiative.

Sec. 1013. Contingent on the availability of additional funds appropriated for the Michigan Parkinson's Foundation, funds may be used for implementation of the Michigan Parkinson's Initiative which supports and educates persons with Parkinson's disease and their families. Members of the Michigan Parkinson's Initiative include the University of Michigan, Michigan State University, Wayne State University, Beaumont Hospital, St. John Hospital and Health Center, Henry Ford Health System, and other organizations as appropriate.

Stroke prevention, education, and outreach.

Sec. 1019. From the funds appropriated in part 1 for chronic disease prevention, \$50,000.00 shall be allocated for stroke prevention, education, and outreach. The objectives of the program shall include education to assist persons in identifying risk factors, and education to assist persons in the early identification of the occurrence of a stroke in order to minimize stroke damage.

Childhood and adult arthritis program.

Sec. 1020. From the funds appropriated in part 1 for chronic disease prevention, \$55,000.00, unless otherwise adjusted pursuant to section 263, shall be allocated for a childhood and adult arthritis program.

Spinal cord injury programs.

Sec. 1024. Funds may be allocated for spinal cord injury programs if federal funding becomes available.

Sec. 1025. From the funds appropriated in part 1 for the diabetes and kidney program, up to \$50,000.00 shall be allocated to a Battle Creek diabetes and kidney prevention program.

Chronic disease prevention; David S. Holmes sickle cell anemia program.

Sec. 1026. Contingent on the availability of funds appropriated in part 1 for chronic disease prevention, funds may be provided for the David S. Holmes sickle cell anemia program and allocated to the Barbara Ann Karmanos Cancer Institute/Wayne State University and the Children's Hospital of Michigan.

African-American male health initiative; David S. Holmes sickle cell anemia program.

Sec. 1027. Contingent on the availability of funds appropriated in part 1 for the African-American male health initiative, funds may be provided for the David S. Holmes sickle cell anemia program and allocated to the Barbara Ann Karmanos Cancer Institute/Wayne State University and the Children's Hospital of Michigan.

African-American male health initiative; Henry Ford health system program.

Sec. 1028. Contingent on the availability of funds appropriated in part 1 for the African-American male health initiative, funds may be allocated to the African-American male health initiative program at Henry Ford health system.

COMMUNITY LIVING, CHILDREN, AND FAMILIES**Women, infants, and children food supplement program; family planning; early and periodic screening, diagnosis, and treatment program; prenatal care outreach and service delivery support program.**

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

Adolescent health care services.

Sec. 1102. (1) Agencies receiving funds for adolescent health care services shall do all of the following:

(a) Require each adolescent health clinic funded by the agency to report to the department on an annual basis all of the following information:

(i) Funding sources of the adolescent health clinic.

(ii) Demographic information of populations served including sex, age, and race. Reporting and presentation of demographic data by age shall include the range of ages of 0-17 years and the range of ages of 18-23 years.

(iii) Utilization data that reflects the number of visits and repeat visits and types of services provided per visit.

(iv) Types and number of referrals to other health care agencies.

(v) Total number of claims submitted by payer type, cost and number of services represented by the claims, and the payment rate by payer type.

(b) As a condition of the contract, a contract shall include the establishment of a local advisory committee before the planning phase of an adolescent health clinic intended to provide services within that school district. The advisory committee shall be comprised of not less than 50% residents of the local school district, and shall not be comprised of more than 50% health care providers. A person who is employed by the sponsoring agency shall not have voting privileges as a member of the advisory committee.

(c) Not allow an adolescent health clinic funded by the agency, as part of the services offered, to provide abortion counseling or services or make referrals for abortion services.

(d) Require each adolescent health clinic funded by the agency to have a written policy on parental consent, developed by the local advisory committee and submitted to the local school board for approval if the services are provided in a public school building where instruction is provided in grades kindergarten through 12.

(e) Establish and implement a process for billing Medicaid, Medicaid HMOs, and other third-party payers. The billing and fee collection processes shall not breach the confidentiality of the client.

(2) A local advisory committee established under subsection (1)(b), in cooperation with the sponsoring agency, shall submit written recommendations regarding the implementation and types of services rendered by an adolescent health clinic to the local school board for approval of adolescent health services rendered in a public school building where instruction is provided in grades kindergarten through 12.

(3) The department shall submit a report to the members of the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director based on the information provided under subsection (1)(a). The report is due 90 days after the end of the calendar year.

MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs.

Sec. 1104. Before April 1, 2003, the department shall submit a report to the house and senate fiscal agencies and the state budget director on planned allocations from the amounts appropriated in part 1 for local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs. Using applicable federal definitions, the report shall include information on all of the following:

(a) Funding allocations.

(b) Actual number of women, children, and/or adolescents served and amounts expended for each group for the fiscal year 2001-2002.

Agency evaluations; criteria.

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

Family planning programs.

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

Abstinence education; program guidelines; funding priority; receipt of funds.

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

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

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

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

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

- (e) Teaches that sexual activity outside of marriage is likely to have harmful effects.
- (f) Teaches that bearing children out of wedlock is likely to have harmful consequences.
- (g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.
- (h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

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

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

Prenatal care outreach and service delivery support.

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

Pregnancy prevention programs; abortion counseling, referrals, or services prohibited.

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

Volunteer dental program; report.

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

(2) Not later than November 1, 2002, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2002.

Agencies receiving pregnancy prevention funds; receipt of other family planning funds.

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

Family planning/pregnancy prevention services.

Sec. 1111. The department shall allocate no less than 87% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

Communities with high infant mortality rates; allocations.

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

Infants with fetal alcohol syndrome or suffering from drug addiction; family services.

Sec. 1113. Contingent on the availability of additional funds appropriated for special projects, including funds appropriated pursuant to section 263, the department shall allocate no less than \$200,000.00 to provide education and outreach to targeted populations on the dangers of drug use during pregnancy, neonatal addiction, and fetal alcohol syndrome and further develop its infant support services to target families with infants with fetal alcohol syndrome or suffering from drug addiction.

College students in need of pregnancy and parenting services.

Sec. 1115. From the funds appropriated in part 1 for special projects, the department may allocate \$200,000.00 for pilot grants to institutions of higher education to make available a network of resources and support services for students enrolled in the participating institution of higher education who are in need of pregnancy and parenting services. The funds may also be utilized for administration of the grants and assessment of need. This appropriation may be established as a 3-year work project. For purposes of this section, "institution of higher education" means a university, college, or community college located in the state of Michigan.

EPSDT, maternal and infant support services outreach, and other Medicaid services.

Sec. 1120. The department shall allocate appropriate funds to local public health departments for the purpose of providing EPSDT, maternal and infant support services outreach, and other Medicaid outreach and support services.

Children's respite services.

Sec. 1121. Contingent on the availability of funds appropriated in part 1 for special projects, \$150,000.00 may be allocated for the continuation of children's respite services that were funded in fiscal year 2000-2001.

Fetal infant mortality review network; additional block grant funds.

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

(2) It is the intent of the legislature that this project shall be funded with a like amount in fiscal year 2003-2004 should federal funds become available.

Migrant health care.

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

Elevated blood lead levels; report on number of children.

Sec. 1129. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the number of children with elevated blood lead levels. The report shall provide the information by county and shall include the level of blood lead reported.

Infant mortality rate data; release to local public health departments and public.

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

Adolescent suicide and assessment pilot project.

Sec. 1134. On the condition that there are unallocated funds remaining in the special projects line item, following the allotment of funds from this line item to existing programs that are required to be funded under this act, the department may provide \$100,000.00 to the yellow ribbon suicide prevention program for an adolescent suicide and assessment pilot project.

Sponsor-to-alien deeming policy; implementation.

Sec. 1135. (1) Pursuant to applicable federal law, the department shall implement a sponsor-to-alien deeming policy for all nonqualified or qualified aliens seeking services under any means-tested state-funded program.

(2) Prior to the effective date of the specified policy in subsection (1) but no sooner than October 1, 2002, the department shall seek reimbursement from the sponsors of record of any nonqualified or qualified alien who has received services under any means-tested state-funded program, unless the reimbursement is prohibited by federal law.

Sec. 1136. From the funds appropriated in part 1 for special projects, the department shall allocate a total of \$1,100,000.00 to the child advocacy centers in this state, with \$100,000.00 being allocated to each child advocacy center.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**Food programs.**

Sec. 1150. In administering the federal summer food service program for children, the department shall work to effectively utilize when possible resources and infrastructure that are in place for existing food programs administered by the department and other state agencies including the department of education.

Project FRESH.

Sec. 1151. The department may work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds by April 1, 2003 based on local commitment of funds.

CHILDREN'S SPECIAL HEALTH CARE SERVICES**Children with special health care needs; payment; exceptions.**

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Department services.

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

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

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

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

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

Children's special health care services; referral of eligible children to locally-based services.

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

CRIME VICTIM SERVICES COMMISSION

Crime victim services commission; per diem amount.

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

Forensic nurse examiner programs; sexual assault evidence collection.

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

Evidence collection expenses; reimbursement to criminal sexual assault victims; condition.

Sec. 1303. (1) From the funds appropriated in part 1 for crime victim rights services grants, victims of criminal sexual assault shall be eligible to obtain reimbursement for the costs of any medically necessary services that may be needed for the collection of evidence used to identify, apprehend, and prosecute the offender or offenders, and that would otherwise be the financial responsibility of the victim.

(2) This section does not take effect unless Senate Bill No. 552 of the 91st Legislature is enacted into law, its effective date is a date in fiscal year 2002-2003, and it authorizes the reimbursements described in subsection (1).

Evidence collection; compliance with recommended procedures.

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association

to ensure that the recommendations included in the “Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims” are followed in the collection of evidence.

OFFICE OF SERVICES TO THE AGING

Community and nutrition services and home services; eligibility.

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

Home delivered meals waiting lists; criteria; report.

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

- (a) The recipient’s degree of frailty.
- (b) The recipient’s inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

Fees.

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

Respite care.

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

Long-term care advisor.

Sec. 1407. (1) The appropriation of \$761,000.00 of tobacco settlement funds to the office of services to the aging for the long-term care advisor shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan.

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

Award of funds at local level.

Sec. 1408. The office of services to the aging shall provide that funds appropriated under this act shall be awarded on a local level in accordance with locally determined needs.

Locally-based services; intent of legislature.

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

Services to frail elderly.

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

MEDICAL SERVICES ADMINISTRATION**Ticket to work and work incentives improvement act of 1999; report.**

Sec. 1505. The department shall work with the department of career development to explore options available under the ticket to work and work incentives improvement act of 1999, Public Law 106-170, 113 Stat. 1860. The department shall provide a report on the options to extend health care coverage for working disabled persons under federal law by October 1, 2002.

“Ticket to Work” initiative.

Sec. 1507. Of the amount appropriated to medical services administration for the “Ticket to Work” initiative in 2000 PA 296, \$50,000.00 shall be considered a work project. Those funds shall not lapse on September 30, 2002 and shall be carried forward for the purpose of supporting expenditures for the “Ticket to Work” initiative in fiscal year 2002-2003.

Sec. 1508. From funds appropriated in part 1 for MICHild administration, up to \$200,000.00 shall be allocated to school district health center training and assistance in MICHild enrollment, delivery system coordination, and service reimbursement procedures.

MEDICAL SERVICES**Financial eligibility; cost of remedial services.**

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

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading “Vetoed.”

Medical services to elderly and disabled persons; income requirements.

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

Purchase of medical coverage.

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

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

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

Protected income level.

Sec. 1604. (1) The department shall ascertain the steps required for federal approval to utilize the social security substantial gainful activity level as the state's Medicaid spend-down protected income level for nonelderly individuals receiving social security disability income.

(2) The department, after appropriate consultation with the federal government, shall project an annual cost to the department's budget if federal approval for the protected income level change referenced in subsection (1) were granted.

(3) Not later than March 1, 2003, the department shall report its findings regarding subsections (1) and (2) to the members of the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Medicaid coverage; determination of protected income level; notice of revisions.

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

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

Guardian and conservator charges; deductions as allowable expense.

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

Medicaid applicant; pregnancy as qualifying condition; services.

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

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

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

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

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

Compiler's note: This section was repealed by P.A. 2002, No. 746, Imd. Eff. Dec. 30, 2002.

Patient rights and responsibilities; pamphlet; update.

Sec. 1608. The department shall update by October 1, 2002 and distribute by November 1, 2002 to health care providers the pamphlet identifying patient rights and responsibilities described in section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

Review of cost report grievances; reimbursement.

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

Medical services payment; level of payment from third-party source; reimbursement for hospital services.

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

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

Uniform Medicaid and school-based services billing form.

Sec. 1612. (1) It is the intent of the legislature that a uniform Medicaid and school-based services billing form be developed by the department in consultation with affected Medicaid providers. Every 2 months, the department shall provide reports to members of the senate and house of representatives appropriations subcommittees on community health and the senate and house fiscal agencies on the progress of this initiative.

(2) HMOs that contract with the department to provide services to the Medicaid population shall adhere to the time frames for payment of clean claims as defined in

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

section 111i(2)(a) of the social welfare act, 1939 PA 280, MCL 400.111i, submitted by health professionals and facilities and provide notice of any defect in claims submitted as specified in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i.

Electronic service billings.

Sec. 1615. Unless prohibited by federal or state law or regulation, the department may require enrolled Medicaid providers to submit their billings for services electronically. The department shall also develop and implement a program that provides a mechanism for Medicaid providers to submit their billings for services over the internet by April 1, 2003.

Pharmaceutical dispensing fee.

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

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

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

Prospective drug utilization review and disease management systems.

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

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

Pharmaceutical best practice initiative.

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

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

(b) The department's prior authorization and appeal process shall be available on the department's website. The department shall also develop and implement a program that allows providers to file prior authorization and appeal requests electronically by October 1, 2002.

(c) The department shall provide authorization for prescribed drugs that are not on its preferred drug list if the prescribing physician verifies that the drugs are necessary for

the continued stabilization of the patient's medical condition following documented previous failures on earlier prescription regimens. Documentation of previous failures may be provided by telephone, facsimile, or electronic transmission.

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

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

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

(g) The department shall by March 15, 2003 provide to the members of the house and senate subcommittees on community health a report on the impact of the pharmaceutical best practice initiative on the Medicaid community. The report shall include, but not be limited to, the number of appeals used in the prior authorization process and any reports of patients who are hospitalized because of authorization denial.

(h) By May 15, 2003, the department shall provide a report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies identifying the prescribed drugs that are grandfathered in as preferred drugs and available without prior authorization and the population groups to which they apply. The report shall assess strategies to improve the drug prior authorization process.

Maintenance drugs.

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

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

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

EPIC program.

Sec. 1624. (1) An additional \$20,000,000.00 from the tobacco settlement trust fund is appropriated to the elder prescription insurance coverage program for fiscal year 2002-2003 if the state budget director certifies that the federal funds appropriated to that program are unavailable and that sufficient tobacco settlement revenue is available to finance this

appropriation. As used in this section, “tobacco settlement revenue” and “tobacco settlement trust fund” mean those terms as defined in section 2 of the Michigan trust fund act, 2000 PA 489, MCL 12.252.

(2) None of the tobacco settlement or other state-restricted revenue appropriated by the department to the EPIC program in fiscal year 2001-2002 shall lapse.

(3) The department shall place any funds that would have lapsed in a reserve account for the sole purpose of providing revenue to fund the EPIC program during fiscal year 2002-2003, in the event the proposed federal revenue to enhance EPIC program funding is not available.

(4) If the proposed federal funds become available, the reserved tobacco settlement funds may either be lapsed to the tobacco settlement trust fund or the Medicaid trust fund.

Outpatient drugs; rebates from pharmaceutical manufacturers.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in state medical program, children’s special health care services, and EPIC.

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

Compiler’s note: This section was repealed by P.A. 2002, No. 746, Imd. Eff. Dec. 30, 2002.

Medicaid pharmacy rebates; use of savings.

Sec. 1628. It is the intent of the legislature that if the savings for Medicaid pharmacy rebates exceed the amount budgeted in this act, the savings shall first be used to offset any increase in pharmacy costs above that budgeted in this act and then to support and expand coverage under the EPIC program.

Adult dental services, podiatric services, and chiropractic services; utilization restrictions.

Sec. 1630. Medicaid adult dental services, podiatric services, and chiropractic services shall continue at not less than the level in effect on October 1, 1996, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

Copayments on certain services.

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

Healthy kids dental program.

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

Ambulance services.

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

Medical services program; submission of cost report.

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

Psychiatric residency training program.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line item appropriation, \$3,635,100.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary Medicaid matching funds are provided by the universities as allowable state match.

Sec. 1645. (1) No later than October 31, 2002, the department shall implement a hospital adjustor formula. The adjustor shall be paid to eligible hospitals as a 27% increase in Medicaid inpatient, outpatient, and rehabilitation hospital rates. The adjustor shall be paid to nonaffiliated hospitals that meet any of the following conditions:

(a) The hospital is located in a county with a population under 250,000.

(b) The hospital is located in a municipality with a population under 10,000.

(c) As of July 1, 2002, the hospital had fewer than 75 beds. It is the intent of the legislature that disbursement of funds to hospitals affected by this adjustor commence on November 1, 2002 subject to the conditions set forth in subsection (2).

(2) Funding for this adjustor is contingent upon the passage of an amendment to the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, that increases the tax by at least 30 cents per pack and that the net revenue from this increase exceeds the amount currently allocated to balance the fiscal year 2001-2002 and fiscal year 2002-2003 state budgets. In no event shall the funding for the adjustor specified in subsection (1) exceed \$6,000,000.00.

Sec. 1646. From the funds appropriated in part 1 for hospital services and therapy, the department shall allocate \$1,000,000.00 to establish a hospital transitional services fund and make payments from the fund to hospitals to offset costs associated with closure of the facility, transition of the facility to an urgent care center, or transition of the facility to a federally qualified health center. Up to \$250,000.00 from the hospital transitional services fund shall be allocated to the regional consortium that includes the Battle Creek Health System, Oaklawn Hospital, and the Albion Health Alliance.

Graduate medical education.

Sec. 1647. From the funds appropriated in part 1 for hospital services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2002.

Medicaid recipient eligibility status; maintenance of toll-free phone line.

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

Breast and cervical cancer treatment coverage.

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

Medical services recipients; enrollment in preferred plan; assignment; criteria for medical exceptions to HMO enrollment.

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

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

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

Hospice services for enrollees in HMOs.

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

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

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

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

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

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

(d) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area,

is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

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

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

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

(a) An emphasis on health outcomes.

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

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

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

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

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

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

(h) Ongoing evaluation of the plans' effectiveness.

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

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

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

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

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

HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

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

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

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

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

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

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

HMO lock-in; duration; exceptions; change.

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

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

Complaint review procedure.

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

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

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

Hospital emergency room reimbursement.

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

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

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

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

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

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

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

Sections applicable to certain Medicaid managed care programs.

Sec. 1659. The following sections are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MI Choice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 427, 428, 431, 436, 442, 448, 1612, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, 1699, 1704, and 1712.

EPSDT services.

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

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

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

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

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

MSS/ISS services; maternal support.

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

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

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

MSS/ISS and EPSDT services; coordination.

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

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

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

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

MSS/ISS services; identification; referrals.

Sec. 1663. (1) Local health departments and HMOs shall work with interested hospitals in their area on training and coordination to identify and make MSS/ISS referrals.

(2) Local health departments shall work with interested hospitals, school-based health centers, clinics, other community organizations, and local family independence agency offices in their area on training and coordination to distribute and facilitate the completion of MICHild and Healthy Kids application forms for persons who are potentially eligible for the program.

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

MICchild program; eligibility; contract; definitions; payments.

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

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

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

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

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

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

MICchild program; marketing and outreach.

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

MICchild program; disqualification.

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

MICchild program; monthly premiums.

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

Copayments.

Sec. 1674. The department shall not require copayments under the MICchild program.

Eligibility changes.

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

MICHild program; income requirements; verification.

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

MICHild program; medically necessary services.

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

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

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

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

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

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

(f) Care management services for mental health diagnoses.

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

(h) Emergency ambulance services.

Sec. 1680. (1) It is the intent of the legislature that payment increases for enhanced wages and new or enhanced employee benefits provided through the Medicaid nursing home wage pass-through program in previous years be continued in fiscal year 2002-2003.

(2) The department shall provide a report to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies regarding the amount of nursing home employee wage and benefit increases provided through the nursing home wage pass-through program in fiscal year 2001-2002.

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

Enforcement actions; penalty money.

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

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

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

Terminally and chronically ill; preservation of dignity and rights.

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

Sec. 1684. From the funds appropriated in part 1 for long-term care services, the department shall make available up to 1/2 of the economic increase for a wage pass-through for nursing facilities solely for payment increases for enhanced wages and new or enhanced employee benefits. This funding shall be provided to those facilities that make application for it to fund the Medicaid program share of wage and employee benefit increases of up to the equivalent of 50 cents per employee hour. Employee benefits shall include, but are not limited to, health benefits, retirement benefits, and quality of life benefits such as day care services. Nursing facilities shall be required to document that these wage and benefit increases were actually provided. If a nursing home that makes application for and receives the additional funding for the wage pass-through cannot document that these wage and benefit increases were actually provided, its reimbursement rate shall be reduced by 2.5%.

Sec. 1684a. The wage pass-through in section 1684 shall only be effective if all the funding goes to worker wages and benefits, with none of the funding going to union fees or other fees.

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

Sec. 1687. The long-term care working group established in section 1657 of 1998 PA 336 shall continue to exist to review the allocation of the long-term care innovations grant funding and to monitor the implementation of the demonstration projects being funded. The department shall not implement a long-term care plan until the expiration of 24 days during which at least 1 house of the legislature convenes after the long-term care working group has submitted the written long-term care plan to the senate majority leader, the speaker of the house, the senate and house appropriations subcommittees on community health, and the state budget director.

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

Sec. 1689. (1) From the funds appropriated in part 1 for the home and community-based services program, the department shall develop an allocation formula that will allow for coverage of no fewer than 15,000 individuals, or a smaller number of individuals if required under federal law.

(2) At the end of each fiscal quarter, the department shall compare actual usage to that predicted by the allocation formula. Based on that evaluation, the department may redistribute home and community-based waiver program resources among the regional service providers.

(3) Priority in enrolling additional persons in the Medicaid home and community-based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home and community-based services program. In each case where the program is successful in removing an individual from a nursing home, or prevents an individual from entering a nursing home who currently meets explicit medical criteria for admission to a nursing home, the department shall transfer the estimated amount of cost savings from the long-term care services line item to the home and community-based waiver program line item. The department shall make these transfers on a quarterly basis.

(4) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home and community-based waiver program by regions as well as the associated expenditures.

Sec. 1690. (1) From the funds appropriated in part 1 for long-term care services, the department shall allocate \$1,000,000.00 to a provider engaged in the continuum of care for long-term care services.

(2) The provider shall use the funds described in subsection (1) to establish a pilot project to assess whether a managed care approach to the full spectrum of long-term care services can provide an appropriate level of care at a lower cost than achieved through purchasing those services on an individual basis.

(3) The department in conjunction with the service providers shall develop criteria to assess the ability of this provider to maintain the individuals at the most appropriate level of care, to improve the total quality of care, to increase compliance with *Olmstead v L.C.*, 527 U.S. 581 (1999), and to reduce costs for the state's Medicaid program.

(4) The department shall provide bimonthly reports that detail the progress of this pilot project to the senate and house appropriations subcommittees on community health and to the senate and house fiscal agencies.

Medical services hospital services; funding pool; distributions; programs in rural, underserved areas.

Sec. 1691. (1) From the funds appropriated in part 1, the department, subject to the requirements and limitations in this section, shall establish a funding pool of up to \$44,012,800.00 for the purpose of enhancing the aggregate payment for medical services hospital services.

(2) For a county with a population of more than 2,000,000 people, the department shall distribute \$44,012,800.00 to hospitals if \$15,026,700.00 is received by the state from such a county, which meets the criteria of an allowable state matching share as determined by applicable federal laws and regulations. If the state receives a lesser sum of an allowable state matching share from such a county, the amount distributed shall be reduced accordingly.

(3) The department may establish county-based, indigent health care programs that are at least equal in eligibility and coverage to the fiscal year 1996 state medical program.

(4) The department is authorized to establish and expand programs in counties that include rural, underserved areas if the expenditures for the programs do not increase state general fund/general purpose costs and local funds are provided.

Medical services provided in schools; reimbursement from Medicaid program.

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

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

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

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

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

Special adjustor payments; increase; submission of medical services state plan.

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

Distribution to children's hospitals with high indigent care volume.

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

Magnetic card identification system.

Sec. 1696. The department shall by October 1, 2002 complete a study calculating the benefits of a single magnetic card identification system that has the capability to interface with various state benefit programs, including, but not limited to, food stamps, WIC, cash assistance, and Medicaid, and to assist in the eligibility verification process.

Funds obtained from qualifying health system; use as state match.

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

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

Direct payments to qualifying hospitals.

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

Submission of Medicaid waiver to federal government.

Sec. 1700. The department shall not submit a Medicaid waiver or similar proposal to the federal centers for Medicare and Medicaid unless the proposal has been submitted to the house of representatives and senate appropriations subcommittees on community health at least 30 days before the submission to the federal government.

Sec. 1701. In addition to the funds appropriated in part 1, there is appropriated up to \$6,600,000.00 to reestablish a nursing home quality care incentive program to provide financial incentives for nursing homes to develop high-quality care services. Grants under this section shall be awarded by the department to nursing homes that demonstrate an existing commitment to providing high-quality care. This appropriation is contingent upon the receipt of additional funds as a result of an increase in the federal Medicaid match rate above the fiscal year 2002-2003 rate of 55.42% and upon certification from the state budget director that the funds are available for expenditure.

Sec. 1702. From the funds appropriated in part 1 for long-term care services, the department shall work with local waiver agents to implement a pilot project that coordinates Medicaid home and community-based services with section 8 rental assistance subsidies available through the Michigan state housing development authority. The purpose of the pilot project shall be to provide rent and supportive services to 100 persons in assisted living housing arrangements who otherwise would be eligible to receive nursing home care through the Medicaid program. The home and community-based services days of care utilized for the pilot project shall be allocated from the existing allocation to local waiver agents for the current fiscal year.

Sec. 1703. From the funds appropriated in part 1 for long-term care services, the department shall allocate up to \$200,000.00 to the Michigan association of centers for independent living for the accessing community-based support project, if additional funds become available for this purpose.

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

Per diem payment; deletion of references.

Sec. 1704. MSA bulletin Hospital 01-03 shall have all references to per diem payment deleted.

Pharmaceutical best practice initiative program.

Sec. 1706. The department shall develop and implement a public information campaign regarding the pharmaceutical best practice initiative program.

Reimbursement for indigent health care; distribution resulting from amendment to airport parking tax act.

Sec. 1709. From the funds appropriated in part 1 for medical services, the department shall allocate sufficient funds to each qualified county, as that term is defined in section 2 of the airport parking tax act, 1987 PA 248, MCL 207.372, to reimburse that county for the entire reduction in the amount of its distribution for indigent health care in fiscal year 2002-2003 from the amount of its distribution for indigent health care in fiscal year 2000-2001 resulting directly from any amendments to section 7 of the airport parking tax act, 1987 PA 248, MCL 207.377, in calendar year 2002 if House Bill No. 4454 of the 91st Legislature is enacted into law in fiscal year 2001-2002.

Sec. 1710. Any proposed changes by the department to the MIChoice home and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health at least 30 days prior to implementation of the proposed changes.

Hospitalization utilization; program report.

Sec. 1711. The department shall provide an annual program report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies on the hospitalization utilization of Medicaid recipients by diagnostic-related group.

Sec. 1712. Notwithstanding section 20161(13)(l) of the public health code, 1978 PA 368, MCL 333.20161, as added by 2002 PA 303, section 224b(2)(j) of the insurance code of 1956, 1956 PA 218, as added by 2002 PA 304, and section 20161(14)(i) of the public health code, 1978 PA 368, MCL 333.20161, if added by enactment of House Bill No. 5103 of the 91st Legislature, the fiscal year 2002-2003 appropriations for long-term care services, health maintenance organizations, hospital services and therapy, and Medicaid mental health services are as specified in this act.

Medicaid school-based services; reimbursement to school district; certification of payment to vendor.

Sec. 1713. A school, local school district, intermediate school district, or group or consortium of school districts that is entitled to receive any payments for any Medicaid school-based services, either administrative services or fees for service, shall receive reimbursement from the department if it certifies to the department that it has paid in full the amounts billed by any vendor that provided Medicaid billing services on that district's behalf during the period 1998 to 2002, inclusive, that would have been paid had the school district been reimbursed in full, irrespective of the settlement agreement in Michigan Department of Community Health v Centers for Medicare and Medicaid Services,

departmental appeals board, United States department of health and human services, docket no. A-01-01 and A-02-01. A vendor may object to and challenge a district's certification of payment if the vendor believes that it has not received payment in full for all amounts it has billed to the district. In that event, the department shall withhold all reimbursements to the district until the vendor's objection is resolved to the satisfaction of the department.

Compiler's note: Section 1713 of 2002 PA 519 was repealed by enacting section 2 of 2002 PA 521.

Hospital services and therapy; condition.

Sec. 1714. The funding for hospital services and therapy in part 1 is predicated on the enactment into law of House Bill No. 5103 of the 91st Legislature. If House Bill No. 5103 is not enacted into law, gross appropriations for the Medicaid hospital services and therapy line item are reduced by \$149,200,300.00.

Deposit of funds in Medicaid benefits trust fund.

Sec. 1715. Any additional funds that are available as a result of an increase in the federal Medicaid match rate above the fiscal year 2002-2003 rate of 55.42% that are not appropriated in section 449 or section 1701 shall be deposited in the Medicaid benefits trust fund established in the Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.256.

This act is ordered to take immediate effect.

Approved July 25, 2002.

Filed with Secretary of State July 25, 2002.

Compiler's note: Section 1713 of this act was repealed by 2002 PA 521, Imd. Eff. July 25, 2002.

Senate Bill No. 552, referred to in section 1303, was not enacted into law.

House Bill No. 4454, referred to in section 1709, was filed with the Secretary of State December 30, 2002, and became P.A. 2002, No. 680, Eff. March 31, 2003.

House Bill No. 5103, referred to in section 1714, was vetoed by the Governor on July 6, 2002.

[No. 520]

(SB 1104)

AN ACT to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the 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

Appropriations; department of environmental quality.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of environmental quality for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

For Fiscal Year
Ending Sept. 30,
2003

DEPARTMENT OF ENVIRONMENTAL QUALITY

Full-time equated unclassified positions	6.0		
Full-time equated classified positions	1,590.7		
GROSS APPROPRIATION		\$	404,819,600
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers		\$	14,042,900
ADJUSTED GROSS APPROPRIATION		\$	390,778,700
Federal revenues:			
Total federal revenues			131,521,400
Special revenue funds:			
Total local revenues			0
Total private revenues			435,700
Total other state restricted revenues			189,377,100
State general fund/general purpose		\$	69,442,500

FUND SOURCE SUMMARY:

GROSS APPROPRIATION		\$	404,819,600
Interdepartmental grant revenues:			
IDG-MDCH, local public health operations			10,472,500
IDG-MDSP			632,200
IDG, Michigan transportation fund			884,800
IDT, interdivisional charges			2,053,400
Total interdepartmental grants and intradepartmental transfers			14,042,900
ADJUSTED GROSS APPROPRIATION		\$	390,776,700
Federal revenues:			
DOC-NOAA, federal			3,063,500
DOD, federal			455,300
DOI, federal			457,800
EPA-GWDW			4,740,700
EPA-LUST trust			1,977,500
EPA-UST			238,000
EPA, federal			27,805,400
EPA, radon			323,500
EPA, superfund			7,057,800
Federal revenues			85,000,000
FEMA, federal			401,900
Total federal revenues			131,521,400
Special revenue funds:			
Private funds			435,700
Total private revenues			435,700
Aboveground storage tank fees			717,500
Air emissions fees			11,577,000
CESARS service fee			26,300
Clean Michigan initiative - administration			2,885,700
Clean Michigan initiative - clean water fund			3,020,000
Cleanup and redevelopment fund			12,700,000
Community pollution prevention fund			250,000
Drinking water revolving fund			6,059,500
Environmental education fund			184,500
Environmental pollution prevention fund			330,300

	For Fiscal Year Ending Sept. 30, 2003
Environmental protection fund	\$ 15,542,700
Environmental response fund	17,933,900
Environmental training revenue	295,800
Fees and collections	818,700
Financial instruments	5,000,000
Great Lakes protection fund	2,151,100
Hazardous materials transportation permit fund	87,800
Land and water permit fees	3,111,300
Landfill maintenance trust fund	47,200
Metallic mining surveillance fee revenue	68,200
Michigan underground storage tank financial assurance fund	62,455,700
Mineral well regulatory fee revenue	215,300
Oil and gas regulatory fund	7,792,900
Orphan well fund	2,002,000
Public utility assessments	786,100
Public water supply fees	4,451,000
Publication revenue	103,200
Saginaw Bay and River restoration revenue	154,500
Sand extraction fee revenue	188,300
Scrap tire regulatory fund	1,821,500
Septage waste license fees	1,752,400
Settlement funds	3,402,100
Sewage sludge land application fee	742,500
Soil erosion and sedimentation control training fund	101,300
Solid waste program fees	1,319,900
Stormwater permit fees	1,364,000
Submerged log recovery fund	101,600
Underground storage tank fees	4,245,400
Waste reduction fee revenue	7,826,700
Wastewater operator training fees	168,400
Water analysis fees	2,600,400
Water pollution control revolving fund	2,884,300
Water quality protection fund	25,000
Water use reporting fees	65,100
Total other state restricted revenues	189,377,100
State general fund/general purpose	\$ 69,442,500

Executive.

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	6.0
Full-time equated classified positions	15.0
Unclassified salaries—6.0 FTE positions	\$ 505,000
Executive direction—8.0 FTE positions	1,057,700
Office of the Great Lakes—7.0 FTE positions	773,200
GROSS APPROPRIATION	\$ 2,335,900
Appropriated from:	
Federal revenues:	
DOI, federal	51,900
EPA, federal	101,100

For Fiscal Year
Ending Sept. 30,
2003

Special revenue funds:		
Environmental education fund	\$	184,500
Environmental response fund		43,200
Great Lakes protection fund		101,100
Oil and gas regulatory fund		89,600
Settlement funds.....		210,700
State general fund/general purpose	\$	1,553,800

Department support services.

Sec. 103. DEPARTMENT SUPPORT SERVICES

Full-time equated classified positions		75.0
Financial and business services—32.0 FTE positions	\$	1,182,800
Field operations support—20.0 FTE positions	\$	1,427,300
Automated data processing		2,053,400
Office of special environmental projects—6.0 FTE positions.....		592,900
Personnel—13.0 FTE positions.....		781,500
Administrative hearings—4.0 FTE positions.....		404,700
Building occupancy charges		8,572,500
Rent-privately owned property		1,836,900
Environmental support projects.....		5,000,000
GROSS APPROPRIATION	\$	21,852,000

Appropriated from:

Interdepartmental grant revenues:		
IDT, interdivisional charges		2,053,400
Federal revenues:		
EPA, superfund		57,800
Special revenue funds:		
Aboveground storage tank fee revenue		25,600
Air emissions fees.....		401,800
Clean Michigan initiative - administration.....		162,600
Environmental pollution prevention fund		62,900
Environmental response fund		1,297,000
Fees and collections		99,400
Financial instruments		5,000,000
Land and water permit fees		107,500
Michigan underground storage tank financial assurance fund.....		333,300
Oil and gas regulatory fund.....		598,100
Public utility assessments		12,300
Public water supply fees		528,100
Scrap tire regulatory fund		88,400
Settlement funds.....		170,600
Solid waste program fees.....		69,600
Stormwater permit fees		50,500
Waste reduction fee revenue.....		54,700
Water analysis fees		187,700
Water pollution control revolving fund		14,900
Water use reporting fees		8,400
Underground storage tank fees		206,600
State general fund/general purpose	\$	10,260,800

For Fiscal Year
Ending Sept. 30,
2003

Geological survey.

Sec. 104. GEOLOGICAL SURVEY

Full-time equated classified positions.....	70.5		
Services to oil and gas programs—61.0 FTE positions.....		\$	6,756,100
Well plugging - orphan wells—2.5 FTE positions.....			2,002,000
Coal and sand dune management—3.0 FTE positions			594,200
Mineral wells management—3.0 FTE positions			215,300
Metallic mining reclamation program—1.0 FTE positions			68,200
GROSS APPROPRIATION.....		\$	<u>9,635,800</u>
Appropriated from:			
Federal revenues:			
DOI, federal.....		\$	405,900
Special revenue funds:			
Environmental response fund			75,900
Metallic mining surveillance fee revenue.....			68,200
Mineral well regulatory fee revenue.....			215,300
Oil and gas regulatory fund			6,444,500
Orphan well fund			2,002,000
Publication revenue.....			103,200
Sand extraction fee revenue.....			188,300
State general fund/general purpose		\$	132,500

Land and water management.

Sec. 105. LAND AND WATER MANAGEMENT

Full-time equated classified positions.....	150.0		
Land and water program direction—11.0 FTE positions		\$	896,900
Field permitting and project assistance—85.0 FTE positions			7,160,800
Water management—24.0 FTE positions			2,378,300
Great Lakes shorelands—30.0 FTE positions.....			2,860,900
Submerged log recovery program.....			101,600
GROSS APPROPRIATION.....		\$	<u>13,398,500</u>
Appropriated from:			
Interdepartmental grant revenues:			
IDG, Michigan transportation fund.....			838,500
Federal revenues:			
EPA, federal.....			666,300
DOC-NOAA, federal			1,537,900
FEMA, federal			401,900
Special revenue funds:			
Land and water permit fees			2,897,100
Soil erosion and sedimentation control training fund			101,300
Submerged log recovery fund			101,600
State general fund/general purpose		\$	6,853,900

Air quality.

Sec. 106. AIR QUALITY

Full-time equated classified positions.....	244.5		
Air quality programs—244.5 FTE positions.....		\$	<u>20,778,400</u>
GROSS APPROPRIATION.....		\$	20,778,400

For Fiscal Year
Ending Sept. 30,
2003

Appropriated from:	
Federal revenues:	
EPA, federal.....	\$ 3,777,100
Special revenue funds:	
Air emissions fees.....	10,034,100
Environmental response fund	89,200
State general fund/general purpose	\$ 6,878,000

Surface water quality.

Sec. 107. SURFACE WATER QUALITY

Full-time equated classified positions.....	206.5	
Compliance and permits—109.0 FTE positions		\$ 9,338,400
Surface water surveillance program—36.5 FTE positions		7,932,800
Watershed management and nonpoint source—40.0 FTE positions.		3,550,900
Fish contaminant monitoring contracts.....		321,000
Sewage sludge land application program—6.5 FTE positions		742,500
Stormwater discharge program—14.5 FTE positions		1,233,500
GROSS APPROPRIATION.....		\$ 23,119,100

Appropriated from:	
Federal revenues:	
EPA, federal.....	7,474,300
Special revenue funds:	
CESARS service fee.....	26,300
Clean Michigan initiative - administration.....	577,000
Clean Michigan initiative - clean water fund.....	3,020,000
Environmental response fund	147,800
Saginaw Bay and River restoration revenue	154,500
Septage waste license fees.....	227,400
Sewage sludge land application fee	742,500
Stormwater permit fees	1,227,000
Water pollution control revolving fund	590,300
State general fund/general purpose	\$ 8,932,000

Drinking water protection and radiological health.

Sec. 108. DRINKING WATER PROTECTION AND RADIOLOGICAL HEALTH

Full-time equated classified positions.....	203.7	
Environmental health—34.0 FTE positions		\$ 3,241,500
Laboratory services administration—67.0 FTE positions		5,959,000
Drinking water—86.2 FTE positions		12,423,600
Radiological protection—16.5 FTE positions		1,604,400
Groundwater use reporting		150,000
Arsenic testing and public education program		500,000
GROSS APPROPRIATION.....		\$ 23,878,500

Appropriated from:	
Interdepartmental grant revenues:	
IDG-MSP.....	632,200

For Fiscal Year
Ending Sept. 30,
2003

Federal revenues:	
EPA, federal.....	\$ 1,128,600
EPA-GWDW	4,075,700
EPA, radon	233,500
Special revenue funds:	
Drinking water revolving fund	3,369,600
Environmental protection fund	500,000
Fees and collections	719,300
Great Lakes protection fund	150,000
Public water supply fees	2,257,600
Settlement funds.....	285,200
Water analysis fees	2,257,300
Water use reporting fees	56,700
State general fund/general purpose	\$ 8,212,800

Low-level radioactive waste authority.

Sec. 109. LOW-LEVEL RADIOACTIVE WASTE

AUTHORITY

Full-time equated classified positions.....	2.0	
Low-level radioactive waste authority—2.0 FTE positions		\$ 769,700
GROSS APPROPRIATION.....		<u>769,700</u>
Appropriated from:		
Special revenue funds:		
Public utility assessments		769,700
State general fund/general purpose		\$ 0

Environmental response.

Sec. 110. ENVIRONMENTAL RESPONSE

Full-time equated classified positions.....	245.0	
Environmental cleanup and redevelopment program.....		\$ 16,544,700
Contaminated site investigations, cleanup, and revitalization—		
195.0 FTE positions.....		15,928,100
State cleanup (part 201 of 1994 PA 451)		3,027,900
Emergency cleanup actions		2,000,000
Federal cleanup project management—50.0 FTE positions.....		5,025,000
Superfund cleanup		7,000,000
GROSS APPROPRIATION.....		<u>\$ 49,525,700</u>
Appropriated from:		
Federal revenues:		
DOD, federal.....		455,300
EPA, federal.....		2,818,700
EPA, superfund		7,000,000
Special revenue funds:		
Private funds		135,700
Clean Michigan initiative - administration.....		1,472,800
Cleanup and redevelopment fund		7,234,000
Environmental protection fund		14,973,700
Environmental response fund		13,449,400
Landfill maintenance trust fund		47,200
Settlement funds.....		1,938,900
State general fund/general purpose		\$ 0

For Fiscal Year
Ending Sept. 30,
2003

Storage tanks.

Sec. 111. STORAGE TANKS

Full-time equated classified positions.....	108.5	
MI underground storage tank financial assurance program— 34.5 FTE positions.....		\$ 61,635,700
Underground storage tank program—37.0 FTE positions.....		4,102,900
Aboveground storage tank program—9.0 FTE positions.....		691,900
Leaking underground storage tank cleanup program.....		5,316,000
Emergency cleanup actions.....		2,000,000
Leaking underground storage tank program—28.0 FTE positions..		3,700,200
GROSS APPROPRIATION.....		\$ 77,446,700
Appropriated from:		
Federal revenues:		
EPA-LUST trust.....		1,977,500
EPA-UST.....		238,000
Special revenue funds:		
Aboveground storage tank fees.....		691,900
Clean Michigan initiative - administration.....		590,900
Cleanup and redevelopment fund.....		2,966,000
Environmental response fund.....		2,439,000
Michigan underground storage tank financial assurance fund.....		61,635,700
Underground storage tank fees.....		3,864,900
State general fund/general purpose.....		\$ 3,042,800

Waste management.

Sec. 112. WASTE MANAGEMENT

Full-time equated classified positions.....	149.0	
Administration and technical support—19.0 FTE positions.....		\$ 1,526,800
Compliance and enforcement—72.0 FTE positions.....		5,250,500
Hazardous waste permits—28.0 FTE positions.....		2,637,700
Groundwater permits—18.0 FTE positions.....		1,275,800
Solid waste program—12.0 FTE positions.....		1,061,000
Hazardous waste program support.....		515,000
GROSS APPROPRIATION.....		\$ 12,266,800
Appropriated from:		
Federal revenues:		
EPA, federal.....		2,929,400
Special revenue funds:		
Environmental pollution prevention fund.....		267,400
Environmental response fund.....		262,700
Hazardous materials transportation permit fund.....		87,800
Scrap tire regulatory fund.....		915,000
Solid waste program fees.....		1,190,300
Waste reduction fee revenue.....		3,224,300
State general fund/general purpose.....		\$ 3,389,900

Environmental assistance division.

Sec. 113. ENVIRONMENTAL ASSISTANCE DIVISION

Full-time equated classified positions.....99.0

	For Fiscal Year Ending Sept. 30, 2003
Municipal assistance—32.5 FTE positions	\$ 2,908,200
Pollution prevention—34.0 FTE positions	3,010,800
Environmental services—12.0 FTE positions	1,847,100
Pollution prevention outreach	300,000
Technical assistance—20.5 FTE positions	3,028,200
GROSS APPROPRIATION	\$ 11,094,300
Appropriated from:	
Federal revenues:	
EPA, federal	664,600
EPA-GWDW	665,000
Special revenue funds:	
Private funds	300,000
Air emissions fees	654,200
Clean Michigan initiative - administration	82,400
Drinking water revolving fund	1,274,300
Environmental training revenue	295,800
Settlement funds	67,800
Stormwater permit fees	86,500
Waste reduction fee revenue	4,162,900
Wastewater operator training fees	168,400
Water pollution control revolving fund	2,159,300
State general fund/general purpose	\$ 513,100

Criminal investigations.

Sec. 114. CRIMINAL INVESTIGATIONS

Full-time equated classified positions	22.0
Environmental investigations—22.0 FTE positions	\$ 1,904,900
GROSS APPROPRIATION	\$ 1,904,900
Appropriated from:	
Federal revenues:	
EPA, federal	129,900
Special revenue funds:	
MUSTFA fund	111,700
Oil and gas regulatory fund	116,500
Scrap tire regulatory fund	36,800
State general fund/general purpose	\$ 1,510,000

Grants.

Sec. 115. GRANTS

Grants to counties—air pollution	\$ 85,000
Water pollution control and drinking water revolving fund	102,353,500
Noncommunity water grants	1,400,000
Land and water management grants	1,800,000
Federal - nonpoint source water pollution grants	6,500,000
Federal - Great Lakes remedial action plan grants	700,000
Grants to counties - water quality monitoring	2,500,000
Great Lakes research and protection grants	1,900,000
Pollution prevention local grants	250,000
Radon grants	135,000
Septage waste compliance grants	1,525,000

	For Fiscal Year Ending Sept. 30, 2003
Scrap tire grants.....	\$ 700,000
Drinking water revolving fund implementation	1,330,000
Local health department operations	10,472,500
Volunteer river, stream, and creek cleanup	25,000
GROSS APPROPRIATION.....	\$ 131,676,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDCH, local public health operations	10,472,500
Federal revenues:	
DOC-NOAA, federal	1,500,000
EPA, federal.....	7,500,000
EPA, radon	90,000
Federal revenues	85,000,000
Special revenue funds:	
Cleanup and redevelopment fund.....	2,500,000
Community pollution prevention fund.....	250,000
Drinking water revolving fund	1,330,000
Great Lakes protection fund	1,900,000
Public water supply fees	1,400,000
Scrap tire regulatory fund	700,000
Septage waste license fees.....	1,525,000
Water quality protection fund.....	25,000
State general fund/general purpose	\$ 17,483,500

Information technology.

Sec. 116. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$ 7,364,900
GROSS APPROPRIATION.....	\$ 7,364,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG, Michigan transportation fund.....	46,300
Federal revenues:	
DOC-NOAA, federal	25,600
EPA, federal.....	615,400
Special revenue funds:	
Air emissions fees.....	486,900
Drinking water revolving fund	85,600
Environmental protection fund.....	69,000
Environmental response fund	129,700
Land and water permit fees	106,700
Michigan underground storage tank financial assurance fund.....	375,000
Oil and gas regulatory fund	544,200
Public utility assessments	4,100
Public water supply fees	265,300
Scrap tire regulatory fund	81,300
Settlement funds.....	728,900
Solid waste program fees.....	60,000
Underground storage tank fees	173,900

	For Fiscal Year Ending Sept. 30, 2003
Waste reduction fee revenue.....	\$ 384,800
Water analysis fees	155,400
Water pollution control revolving fund	119,800
State general fund/general purpose	\$ 2,907,000

Early retirement and budgetary savings.

Sec. 117. EARLY RETIREMENT AND BUDGETARY

SAVINGS

Early retirement savings	\$ (1,481,000)
Budgetary savings.....	(746,600)
GROSS APPROPRIATION.....	\$ (2,227,600)
Appropriated from:	
State general fund/general purpose	\$ (2,227,600)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$258,819,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$15,547,500.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF ENVIRONMENTAL QUALITY
GRANTS

Grants to counties - air pollution	\$ 85,000
Local health department operations	10,472,500
Septage waste compliance program	1,525,000
Scrap tire grants.....	700,000
Noncommunity water grants.....	1,400,000
Radon grants	35,000
Drinking water grants.....	1,330,000
TOTAL	\$ 15,547,500

Appropriations subject to §§ 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this act:

- (a) “CESARS” means chemical evaluation search and retrieval system.

- (b) “Department” means the department of environmental quality.
- (c) “DOC” means the United States department of commerce.
- (d) “DOC-NOAA” means the DOC national oceanic and atmospheric administration.
- (e) “DOD” means the United States department of defense.
- (f) “DOE” means the United States department of energy.
- (g) “DOI” means the United States department of interior.
- (h) “EPA” means the United States environmental protection agency.
- (i) “EPA-GWDW” means the EPA groundwater drinking water.
- (j) “EPA-LUST trust” means the EPA leaking underground storage tank trust fund.
- (k) “EPA, radon” means the EPA radon grants.
- (l) “EPA-UST” means the EPA underground storage tank.
- (m) “FEMA” means the federal emergency management agency.
- (n) “FTE” means full-time equated.
- (o) “IDG” means interdepartmental grant.
- (p) “IDT” means intradepartmental transfer.
- (q) “MDCH” means the Michigan department of community health.
- (r) “MDSP” means the Michigan department of state police.
- (s) “MI” means Michigan.
- (t) “NPL” means the federal national priority list.

Billing by department of civil service.

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

Hiring freeze; exceptions.

Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to the hiring freeze described in subsection (1) when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Contingency funds; availability for expenditure.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$30,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

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

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

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of internet.

Sec. 208. Unless otherwise specified in this act, the department shall use the internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an internet or intranet site.

Purchase of foreign goods or services.

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

Businesses in depressed and deprived communities; contracts to provide services or supplies.

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

Grant and loan programs; report.

Sec. 211. (1) From funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant or loan or grant and loan programs administered by the department for the fiscal year ending on September 30, 2003:

(a) The name of each program.

(b) The goals of the program, the criteria, eligibility, process, filing fees, nominating procedures, and deadlines for each program.

(c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.

(d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.

(e) Information pertaining to the application process, timeline for each program, and the contact people within the department.

(f) The source of funds for each program, including the citation of pertinent authorizing acts.

(g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.

(h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan.

(2) The reports required under this section shall be submitted to the state budget office, the senate and house appropriations committees, and senate and house fiscal agencies by January 1, 2003.

Restricted fund balances, projected revenues, and expenditures; annual report.

Sec. 212. By February 15, 2003, the department shall provide the state budget director, the subcommittees on natural resources and environmental quality of the senate and house appropriations committees, and the senate and house fiscal agencies with an annual report on restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2002 and September 30, 2003.

Legal settlement cases; disposition of funds.

Sec. 213. The department shall provide an annual report on the total amount of funds received from responsible parties and legal settlements, and the disposition of these funds. Included in the report shall be a listing of the individual settlement cases, the location of the facilities involved, the type of violation committed, and the amount of funds received.

Great Lakes water diversion; public meeting and comment.

Sec. 214. The department shall notify the legislature and shall provide a public meeting and public comment opportunity with respect to any request received by the state of Michigan to divert water from the Great Lakes pursuant to the water resources development act of 1986, Public Law 99-662, 100 Stat. 4082.

Environmental cleanup program allocations; report.

Sec. 215. (1) The department shall report all of the following information relative to allocations made in part 1 for the environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, the revitalization revolving loan program, the brownfield grants and loans program, the leaking underground storage tank cleanup program, the contaminated lake and river sediments cleanup program, and the environmental protection bond projects under section 19508(7) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19508, to the state budget director, the senate and house appropriations subcommittees on environmental quality, and the senate and house fiscal agencies:

(a) The name and location of the site for which an allocation is made.

(b) The nature of the problem encountered at the site.

(c) A brief description of how the problem will be resolved if the allocation is made for a response activity.

(d) The estimated date that site closure activities will be completed.

(e) The amount of the allocation, or the anticipated financing for the site.

(f) A summary of the sites and the total amount of funds expended at the sites at the conclusion of the fiscal year.

(g) The number of sites that would qualify as brownfields that were redeveloped.

(2) The report prepared under subsection (1) shall also include all of the following:

(a) The status of all state-owned facilities that are on the list compiled under part 201 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101 to 324.20142.

(b) The report shall include the total amount of funds expended during the fiscal year and the total amount of funds awaiting expenditure.

(c) The total amount of bonds issued for the environmental protection bond program pursuant to part 193 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19301 to 324.19306, and bonds issued pursuant to the clean Michigan initiative act, 1998 PA 284, MCL 324.95101 to 324.95108.

(3) The report shall be made available by March 31 of each year.

Michigan youth conservation council.

Sec. 216. Of the money appropriated from the environmental education fund in part 1, \$5,000.00 shall be allocated to Michigan State University Extension Service - 4-H Youth Programs to fund the Michigan Youth Conservation Council.

Receipt and retention of reports.

Sec. 217. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Unexpended and unencumbered amounts; use.

Sec. 218. (1) In addition to the funds appropriated in part 1 for the environmental cleanup and redevelopment program and the leaking underground storage tank cleanup program, the department of environmental quality is authorized to expend amounts remaining from prior fiscal year appropriations to meet funding needs of legislatively approved sites.

(2) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection bond fund contained in 1989 PA 180, 1990 PA 55, 1990 PA 194, 1991 PA 31, 1991 PA 160, 1993 PA 74, 1993 PA 353, 1994 PA 442, 1996 PA 353, and 1997 PA 114 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(3) Unexpended and unencumbered amounts remaining from appropriations from the cleanup and redevelopment fund and unclaimed bottle deposits fund contained in 1996 PA 319, 1997 PA 113, 1997 PA 114, 1998 PA 292, 1999 PA 125, 2000 PA 275, and 2001 PA 43 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(4) Unexpended and unencumbered amounts remaining from appropriations from the clean Michigan initiative fund - response activities contained in 1999 PA 111, 2000 PA 52, 2000 PA 506, and 2001 PA 120 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

Environmental response fund; report on fund balance.

Sec. 220. The department shall report to the state budget office, the senate and house appropriations subcommittees on environmental quality, and the senate and house fiscal agencies at the end of each fiscal quarter the fund balance in the environmental response fund.

DEPARTMENT SUPPORT SERVICES**Rental payments or operational expenses at certain locations; prohibition.**

Sec. 301. Due to the consolidation of the department of environmental quality operations for the purpose of increasing agency efficiencies, effective October 1, 2002, the department of environmental quality shall not expend any of the funds appropriated in part 1 for rental payments or operational expenses for the leased premises located at the following locations:

- (a) 300 South Washington, Lansing, Michigan.
- (b) 300 Stroh River Place, Detroit, Michigan.
- (c) Shiawassee District Office at 10650 South Bennett Road, Morrice, Michigan.

LAND AND WATER MANAGEMENT**Great Lakes bottomland permit fees.**

Sec. 403. The department shall collect Great Lakes bottomland permit fees uniformly and fairly from commercial and noncommercial users of the Great Lakes bottomlands.

Permit; fees.

Sec. 404. The department may waive permit fees for nonprofit organizations conducting approved stream habitat improvement projects.

AIR QUALITY**Expenditures and revenues; report.**

Sec. 501. The department shall report quarterly, via the department's internet website, on air quality program expenditures and revenues. The report shall include expenditures and revenues by fund source and by program function.

SURFACE WATER QUALITY**Water quality monitoring activities; grants.**

Sec. 601. Of the funds appropriated in part 1 for surface water surveillance, a minimum of \$250,000.00 shall be designated for grants to local organizations for water quality monitoring activities.

Sec. 602. Of the funds appropriated in section 107 for water quality monitoring, \$20,000.00 may be provided, on a 50:50 cost-sharing basis, to erect signs at beaches owned by governmental entities. These signs will inform the public where the most recent beach water quality information may be found.

“Greening the governments” report.

Sec. 604. The department shall review the 2002 report, “Greening the Governments”, and present its analysis to the house and senate subcommittees on environmental quality on October 30, 2002. This analysis shall address specific findings of the “Greening the Governments” report that Michigan had the best water quality in 1999, as measured by the number of tons of toxic material released per \$1,000,000.00 in industry gross state product. The analysis shall include specific recommendations on how Michigan can improve its environmental performance in these and other areas to be competitive with the other Great Lakes states.

DRINKING WATER

Groundwater database.

Sec. 701. The funds appropriated in part 1 for groundwater use reporting shall be awarded as a grant for the development of a groundwater database needed to model the demands for domestic water uses of groundwater supplies.

ENVIRONMENTAL RESPONSE

Cleanup programs as work project; carrying forward unencumbered or unallotted funds.

Sec. 801. The unexpended funds appropriated in part 1 for the state cleanup program, environmental cleanup and redevelopment program, emergency cleanup action, contaminated site investigations, cleanup and revitalization, and superfund cleanup projects are considered work project appropriations and any unencumbered or unallotted funds are carried forward into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the projects to be carried forward is to provide contaminated site cleanup.
- (b) The projects will be accomplished by contract.
- (c) The total estimated cost of all projects is identified in each line-item appropriation.
- (d) The tentative completion date is September 30, 2007.

Hazardous substance research center; expenditure as state match.

Sec. 802. Of the funds appropriated in part 1 as state match for the superfund cleanup program, an amount not to exceed \$250,000.00 shall be expended as the state match for the hazardous substance research center.

Compiler’s note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading “Vetoed.”

Redevelopment and cleanup activities; sites.

Sec. 803. The funds appropriated in part 1 for the environmental cleanup and redevelopment program shall be used to fund redevelopment and cleanup activities on the following sites:

Allegan	Saugatuck Twp. Contamination
Berrien	Coloma DCPA Site
Calhoun	Verona Well Field
Calhoun	Residential Wells Tekonsha - North Plume
Cass	Cass St. Area Edwardsburg
Cass	Sundstrand Heat Transfer
Charlevoix	East Jordan Laundromat
Charlevoix	Former Boyne City Chemical
Eaton	916 S. Main Street, Eaton Rapids
Gladwin	Buckeye Oil Field
Gratiot	Gratiot County Landfill
Hillsdale	Haischer Oil
Hillsdale	Wickens Oil
Hillsdale	Penland Oil
Jackson	Spring Arbor Wash & Dry
Kalamazoo	North 34th St. Area Richland
Kalamazoo	Schoolcraft Area Organics
Livingston	Main Street, Gregory
Monroe	Zieman Grames Rd. Dump
Muskegon	Ruddiman Creek Drum Dump
Oakland	Lapeer Road Residential Wells
Oakland	Waterford Hills Sanitary Landfill
Oscoda	Hoskins Manufacturing
Ottawa	Fenske Landfill Ottawa Co.
St. Joseph	SW Sturgis TCE
Van Buren	Commercial Street Industrial Area, Paw Paw
Wayne	Plymouth Industrial Holding Company
Wayne	General Oil Co.
Wayne	Standard Tube of Detroit
Wayne	CYB Tool
Wexford	AAR Cadillac Mfg.
Wexford	Yuma Tar

NPL municipal landfill match grants.

Sec. 804. Of the funds appropriated in part 1 for the environmental cleanup and redevelopment program, an amount not to exceed \$2,000,000.00 shall be expended for the NPL municipal landfill match grants.

STORAGE TANKS**Michigan underground storage tank financial assurance fund.**

Sec. 901. (1) The funds appropriated in part 1 from the Michigan underground storage tank financial assurance fund for the purpose of carrying out the duties and responsibilities as specified in part 215 of the natural resources and environmental protection act, 1994

PA 451, MCL 324.21501 to 324.21551, are considered work project appropriations and any unencumbered funds are carried forward into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the projects to be carried forward is to carry out the responsibilities of part 215 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.21501 to 324.21551.

(b) The projects will be accomplished by contract and state employees.

(c) The total estimated cost is identified in a line-item appropriation.

(d) The tentative completion date is September 30, 2007.

(2) The Michigan underground storage tank financial assurance policy board shall allocate the amount of the underground storage tank financial assurance fund to be distributed to the department. If the amount recommended by the board is less than that appropriated in part 1, expenditures shall be adjusted accordingly.

(3) Included in the funds appropriated in part 1 from the Michigan underground storage tank financial assurance fund are funds sufficient to pay debt service costs on the bonds or notes issued pursuant to part 215 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.21501 to 324.21551.

Michigan underground storage tank financial assurance fund; report.

Sec. 902. The department shall report to the state budget director, the senate and house appropriations subcommittees on environmental quality, and the senate and house fiscal agencies not later than October 31, 2003 on the Michigan underground storage tank financial assurance fund. The report shall include the fund balance, estimate of available revenues, number and dollar value of claims processed through September 30, 2002, and total estimated claims liability through December 22, 2004.

Leaking underground storage tank cleanup program as work project.

Sec. 903. The unexpended funds appropriated in part 1 for the leaking underground storage tank cleanup program are considered work project appropriations and any unencumbered or unallotted funds are carried over into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the projects to be carried over is to provide for redevelopment and contaminated site cleanup.

(b) These projects will be accomplished by contract.

(c) The total estimated costs of all projects is identified in each line-item appropriation.

(d) The tentative completion date for these projects is September 30, 2007.

Leaking underground storage tank cleanup program; unexpended funds as work project.

Sec. 904. The funds appropriated in part 1 for the leaking underground storage tank cleanup program shall be used to fund redevelopment and cleanup activities on the following sites:

Alger
Eaton

Melstrand General Store
5-Star Pizza

Eaton	Keweenaw Party Store
Jackson	Vandy's Party Store
Monroe	Mike's Quality Meats (former)
Montmorency	Stoddard's A-1 Party Mart
Newaygo	Up North Gift Co.

ENVIRONMENTAL ASSISTANCE

Scrap tire recycling and reuse.

Sec. 1002. The appropriation in part 1 for environmental assistance includes \$200,000.00 to support research and technology demonstration projects which encourage scrap tire recycling and reuse.

Removal of automobile components; study.

Sec. 1003. If the department participates, consults, or collaborates on a study regarding removal of automobile components in 2002, it shall review other removal options for similar components by September 30, 2003 including, but not limited to, removal from other than end-of-life vehicles.

CRIMINAL INVESTIGATIONS

Imported solid waste; inspections.

Sec. 1101. From funds appropriated in part 1, the department shall conduct periodic inspections of imported solid waste at disposal facilities to mitigate the unpermitted disposal of waste at Michigan disposal sites.

Regulation of solid waste disposal; training.

Sec. 1102. With funds appropriated in part 1, the department shall provide training in support of local efforts to regulate solid waste disposal. Department environmental conservation officers shall be directed to help train law enforcement officers and other enforcement personnel to develop community partnerships to combat illegal dumping at the local level.

GRANTS

Septage waste compliance program.

Sec. 1201. If a certified health department does not exist in a city, county, or district or does not fulfill its responsibilities under part 117 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11701 to 324.11719, then the department may spend funds appropriated in part 1 under the septage waste compliance program in accordance with section 11716 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11716.

Scrap tire fire suppression costs.

Sec. 1202. Of the funds appropriated in part 1 for scrap tire grants, \$100,000.00 shall be available for grants to communities to cover scrap tire fire suppression costs, provided owner liability bonds and other available funding sources have been exhausted.

Loans for public water supply systems; noncompliant with federal arsenic standards.

Sec. 1204. From the funds appropriated in section 115 for the drinking water revolving loan program, the department shall provide low-interest loans for public water supply systems found to be out of compliance with federal arsenic standards.

St. Clair River, Lake St. Clair, and Clinton River watershed; grants.

Sec. 1205. The money appropriated in section 115 for grants to counties—water quality monitoring shall be used to establish and operate a comprehensive monitoring program to protect and manage the environmental quality of the St. Clair River, Lake St. Clair, and the Clinton River watershed.

INFORMATION TECHNOLOGY**Technology related services and projects; rates, user fees, and charges.**

Sec. 1301. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house and senate committees on appropriations before October 1, 2002.

Information technology amounts as work project.

Sec. 1302. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of environmental quality technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

EARLY RETIREMENT AND BUDGETARY SAVINGS**Early retirement and budgetary savings; satisfaction of negative appropriation.**

Sec. 1501. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.