

Act No. 352
Public Acts of 1996
Approved by the Governor
July 1, 1996
Filed with the Secretary of State
July 1, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Senators Geake, Schwarz and McManus

ENROLLED SENATE BILL No. 847

AN ACT to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 1997; to provide for the expenditure of such appropriations; to create funds; to provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for the department of community health for the fiscal year ending September 30, 1997, from the following funds:

DEPARTMENT OF COMMUNITY HEALTH

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	7,322.5	
Average population	1,820.0	
GROSS APPROPRIATION		\$ 8,030,656,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 70,346,000
ADJUSTED GROSS APPROPRIATION		\$ 7,960,310,700
Federal revenues:		
Total federal revenues		4,107,185,400
Special revenue funds:		
Total local revenues		48,063,800
Total private revenues		36,876,400
Total local and private revenues		84,940,200
Total other state restricted revenues		1,426,508,000
State general fund/general purpose		\$ 2,341,677,100

EXECUTIVE PROGRAM

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	281.0	
Citizens' mental health advisory councils		\$ 28,900
Director and other unclassified—6.0 FTE positions		438,100
Departmental administration and management—288.0 FTE positions		24,469,500
Department realignment savings—(7.0) FTE positions		(500,000)
Revenue recapture		750,000
GROSS APPROPRIATION		\$ 25,186,500

For Fiscal Year
Ending Sept. 30,
1997

Appropriated from:	
Federal revenues:	
Total federal revenues	\$ 803,400
Special revenue funds:	
Total other state restricted revenues	510,000
State general fund/general purpose	\$ 23,873,100

FEDERAL AND PRIVATE FUNDED PROJECTS

Full-time equated classified positions.....	12.0	
Developmental disabilities council and projects—10.0 FTE positions		\$ 1,984,100
Central fund for acquiring additional federal and private funds		2,500,000
Gifts and bequests for patient living and treatment environment.....		2,000,000
Homelessness formula grant program—2.0 FTE positions.....		1,208,800
IDEA - federal special education.....		85,000
GROSS APPROPRIATION		\$ 7,777,900
Appropriated from:		
Federal revenues:		
Total federal revenues		4,869,100
Special revenue funds:		
Total private		2,200,000
State general fund/general purpose		\$ 708,800

FAMILY AND CONSUMER SUPPORT SERVICES

Full-time equated classified positions.....	2.0	
Family support subsidy		\$ 12,393,700
Dental program for persons with developmental disabilities.....		151,000
Pilot projects in prevention for adults and children—2.0 FTE positions		1,513,800
Consumer involvement program		166,600
Foster grandparent and senior companion program		1,972,400
Communities first pilot projects		95,000
Protection and advocacy services support		818,300
Mental health initiatives for older persons.....		1,054,500
GROSS APPROPRIATION		\$ 18,165,300
Appropriated from:		
Interdepartmental grant revenues:		
IDG - family independence agency.....		95,000
Federal revenues:		
Total federal revenues		500,000
State general fund/general purpose		\$ 17,570,300

COMMUNITY MENTAL HEALTH SERVICES PROGRAMS

Full-time equated classified positions.....	15.0	
Community mental health programs		\$ 930,944,000
Community demand		9,161,600
Respite services		3,429,900
CMHSP - Purchase of state services contracts		275,743,600
Omnibus reconciliation act implementation—13.0 FTE positions		11,226,600
Federal mental health block grant—2.0 FTE positions		10,662,100
GROSS APPROPRIATION		\$ 1,241,167,800
Appropriated from:		
Federal revenues:		
Total federal revenues		336,758,700
Special revenue funds:		
Total other state restricted revenues		3,000,000
State general fund/general purpose		\$ 901,409,100

COMMUNITY RESIDENTIAL SERVICES

Full-time equated classified positions.....	417.0	
Community residential and support services for adults with mental illness—51.0 FTE positions		\$ 16,228,300

For Fiscal Year
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1997

Community residential and support services for persons with developmental disabilities—356.0 FTE positions	\$	187,501,600
Macomb-Oakland site cost—10.0 FTE positions.....		719,900
CMHSP - Purchase of state services contracts		(100,317,200)
GROSS APPROPRIATION.....	\$	104,132,600

Appropriated from:

Federal revenues:

Total federal revenues		90,426,700
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Special revenue funds:

Total local revenues		9,521,700
Total other state restricted revenues		4,184,200
State general fund/general purpose	\$	0

INSTITUTIONAL SERVICES

Full-time equated classified positions.....12.0		
Worker's compensation program—1.0 FTE positions	\$	13,226,500
Therapeutic work training program.....		310,600
Purchase of psychiatric residency training.....		3,635,100
Purchase of medical services for residents of hospitals and centers		2,474,000
Maintenance of property being leased or rented.....		95,000
Equipment		1,479,000
Special maintenance		359,000
Closed site and related costs—11.0 FTE positions		2,873,200
Severance pay		5,077,900
GROSS APPROPRIATION.....	\$	29,530,300

Appropriated from:

Special revenue funds:

Total other state restricted revenues		698,700
State general fund/general purpose	\$	28,831,600

STATE PSYCHIATRIC HOSPITALS

Total average population.....1,150.0		
Total full-time equated classified positions.....2,621.0		
Caro regional mental health center - psychiatric services unit—253.0 FTE positions	\$	14,226,300
Average population.....92.0		
Clinton Valley center—604.0 FTE positions		40,587,000
Average population.....275.0		
Detroit psychiatric institute—234.0 FTE positions		18,258,700
Average population.....94.0		
Kalamazoo psychiatric hospital—416.0 FTE positions		27,362,700
Average population.....163.0		
Northville psychiatric hospital—757.0 FTE positions		54,057,800
Average population.....350.0		
Walter P. Reuther psychiatric hospital—357.0 FTE positions		24,528,400
Average population.....176.0		
CMHSP - Purchase of state services contracts		(146,881,000)
GROSS APPROPRIATION.....	\$	32,139,900

Appropriated from:

Federal revenues:

Total federal revenues		6,121,400
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Special revenue funds:

Total local revenues		9,351,700
Total other state restricted revenues		16,666,800
State general fund/general purpose	\$	0

STATE PSYCHIATRIC HOSPITALS FOR CHILDREN AND ADOLESCENTS

Total average population.....103.0		
Total full-time equated classified positions.....291.0		

	For Fiscal Year Ending Sept. 30, 1997
Detroit psychiatric institute - children's program—21.0 FTE positions.....	\$ 1,188,200
Average population	12.0
Hawthorn center—226.0 FTE positions.....	15,287,100
Average population	75.0
Pheasant Ridge children's program at Kalamazoo psychiatric hospital—44.0 FTE positions.....	3,004,300
Average population	16.0
CMHSP - Purchase of state services contracts	(11,598,000)
GROSS APPROPRIATION.....	\$ 7,881,600
Appropriated from:	
Federal revenues:	
Total federal revenues	4,536,000
Special revenue funds:	
Total local revenues	2,150,000
Total other state restricted revenues	1,195,600
State general fund/general purpose	\$ 0
STATE CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	
Total average population.....	357.0
Total full-time equated classified positions.....	801.0
Caro mental health center - developmental and alternative services— 180.0 FTE positions.....	\$ 11,442,300
Average population	89.0
Mount Pleasant center—353.0 FTE positions	21,847,700
Average population	153.0
Southgate center—268.0 FTE positions.....	17,231,700
Average population	115.0
CMHSP - Purchase of state services contracts	(16,947,400)
GROSS APPROPRIATION.....	\$ 33,574,300
Appropriated from:	
Federal revenues:	
Total federal revenues	30,151,500
Special revenue funds:	
Total local revenues	1,755,600
Total other state restricted revenues	1,667,200
State general fund/general purpose	\$ 0
FORENSIC AND PRISON MENTAL HEALTH SERVICES	
Total average population.....	210.0
Full-time equated classified positions.....	1,505.0
Center for forensic psychiatry—479.0 FTE positions	\$ 31,586,300
Average population	210.0
Center for forensic psychiatry - outpatient evaluation—40.0 FTE positions	3,045,700
Forensic mental health services provided to the department of corrections— 986.0 FTE positions.....	65,862,100
GROSS APPROPRIATION.....	\$ 100,494,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG - department of corrections	65,862,100
Federal revenues:	
Total federal revenues	15,800
Special revenue funds:	
Total local revenues	1,570,300
Total other state restricted revenues	226,900
State general fund/general purpose	\$ 32,819,000
EXECUTIVE SERVICES	
Total full-time equated positions	241.0
Executive administration—72.5 FTE positions	\$ 4,735,700

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1997

Contractual services, supplies, and materials	\$	268,000
Department realignment savings—(10.0) FTE positions.....		(600,000)
Building occupancy charges.....		4,236,600
Equipment		800,100
Rent.....		261,100
Worker's compensation.....		303,500
Health planning—14.8 FTE positions.....		2,949,700
Management information systems—59.9 FTE positions.....		6,456,500
Maternal and infant health data and evaluation—6.5 FTE positions		533,400
Minority health grants and contracts		650,000
Office of general services—19.5 FTE positions		1,145,700
Office of minority health—3.0 FTE positions.....		269,900
Vital records and health statistics—74.8 FTE positions		5,462,100
GROSS APPROPRIATION.....	\$	27,472,300

Appropriated from:

Interdepartmental grant revenues:		
Intrdepartmental transfer - automated data processing charges.....		3,510,400
Federal revenues:		
Total federal revenues		3,403,500
Special revenue funds:		
Total other state restricted revenues		3,991,000
State general fund/general purpose	\$	16,567,400

INFECTIOUS DISEASE CONTROL ADMINISTRATION

Total full-time equated positions	4.0	
Infectious disease control administration—4.0 FTE positions.....	\$	331,300
Contractual services, supplies, and materials		22,100
GROSS APPROPRIATION.....	\$	353,400
Appropriated from:		
State general fund/general purpose	\$	353,400

INFECTIOUS DISEASE CONTROL

Total full-time equated positions	86.8	
AIDS counseling and testing.....	\$	4,133,000
AIDS education and outreach		2,193,500
AIDS/HIV risk reduction		1,000,000
AIDS program administration—13.0 FTE positions		1,012,100
AIDS referral and care network grants.....		4,931,200
AIDS surveillance and prevention program—16.0 FTE positions.....		2,836,600
Disease surveillance—4.0 FTE positions		362,700
Division administration—6.0 FTE positions.....		485,600
Immunization local agreements		18,260,700
Immunization program management and field support—11.0 FTE positions		2,080,500
Lyme disease grant—0.3 FTE positions.....		75,000
National vaccine compensation fund		9,424,200
Sexually transmitted disease control local agreements.....		2,205,700
Sexually transmitted disease control management and field support—32.0 FTE positions		2,673,700
Recalcitrant AIDS and tuberculosis aid.....		162,000
Tuberculosis control program—4.5 FTE positions.....		860,900
GROSS APPROPRIATION.....	\$	52,697,400

Appropriated from:

Federal revenues:		
Total federal revenues		28,315,400
Special revenue funds:		
Local funds.....		242,700
Private funds		75,000
Total other state restricted revenues		19,463,200
State general fund/general purpose	\$	4,601,100

LABORATORY SERVICES

Total full-time equated positions	113.6	
Laboratory services administration—82.8 FTE positions		\$ 4,544,700
Contractual services, supplies, and materials		1,293,600
EPSDT blood lead screening—6.0 FTE positions		661,300
Newborn genetic screening—24.8 FTE positions		1,765,700
GROSS APPROPRIATION		\$ 8,265,300
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from corrections		137,400
Federal revenues:		
Total federal revenues		547,900
Special revenue funds:		
Total other state restricted revenues		1,765,700
State general fund/general purpose		\$ 5,814,300

ENVIRONMENTAL HEALTH ADMINISTRATION AND SUPPORT SERVICES

Total full-time equated positions	34.2	
Health risk assessment—34.2 FTE positions		\$ 4,285,200
GROSS APPROPRIATION		\$ 4,285,200
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from the department of environmental quality		458,800
Federal revenues:		
Total federal revenues		2,275,000
Special revenue funds:		
Total other state restricted revenues		55,100
State general fund/general purpose		\$ 1,496,300

HEALTH SYSTEMS ADMINISTRATION

Total full-time equated positions	29.9	
Health systems administration—20.7 FTE positions		\$ 1,373,100
Contractual services, supplies, and materials		52,100
Administrative hearings—2.5 FTE positions		164,900
Health facilities management information system		39,800
Local health services—4.9 FTE positions		140,000
Primary care services grant—1.8 FTE positions		167,600
Training and evaluation		320,000
GROSS APPROPRIATION		\$ 2,257,500
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from treasury, Michigan state hospital finance authority		92,300
Federal revenues:		
Total federal revenues		235,400
Special revenue funds:		
Total other state restricted revenues		1,075,100
State general fund/general purpose		\$ 854,700

HEALTH SYSTEMS LOCAL GRANTS

Communities first		\$ 191,000
Implementation of Act 133, P.A. 1993		100,000
Indian health care		309,500
Michigan essential health care provider program		1,229,100
Primary care services		1,922,200
Refugee health program		142,300
Rural health grant		168,800
State/local cost sharing		33,512,600
GROSS APPROPRIATION		\$ 37,575,500

Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from family independence agency	\$ 190,000
Federal revenues:	
Total federal funds	2,392,700
Special revenue funds:	
Private funds	40,000
Total other state restricted revenues	500,000
State general fund/general purpose	\$ 34,452,800

CENTER FOR HEALTH PROMOTION

Total full-time equated positions	63.7
AIDS and risk reduction clearinghouse and media campaign	\$ 1,700,000
Alzheimer's information network	150,000
Cancer prevention and control program—19.0 FTE positions	12,756,700
Center administration—4.0 FTE positions	316,300
Chronic disease prevention—2.5 FTE positions	1,609,800
Diabetes local agreements	2,209,900
Employee wellness program grants (includes \$50.00 per diem and expenses for the risk reduction and AIDS policy commission)	4,250,000
Health education, promotion, and research programs—23.0 FTE positions	1,988,000
Injury control intervention project—1.0 FTE positions	324,800
Physical fitness, nutrition, and health	1,750,000
Public health traffic safety coordination—1.0 FTE positions	152,600
School health curriculum	2,000,000
School health education project	80,000
Smoking prevention program—6.2 FTE positions	7,167,500
Spinal cord and traumatic brain injury registry	50,000
Survey and analysis—5.0 FTE positions	462,300
Violence prevention—2.0 FTE positions	2,243,600
GROSS APPROPRIATION	\$ 39,211,500

Appropriated from:	
Federal revenues:	
Total federal funds	11,410,500
Special revenue funds:	
Total other state restricted revenues	23,959,900
State general fund/general purpose	\$ 3,841,100

BUREAU OF CHILD AND FAMILY SERVICES

Total full-time equated positions	103.8
Child and family services administration—92.8 FTE positions	\$ 5,988,600
Contractual services, supplies, and materials	1,322,500
Automated data processing	3,490,000
Lead abatement program—3.0 FTE positions	4,900,000
Special projects—8.0 FTE positions	2,129,200
GROSS APPROPRIATION	\$ 17,830,300

Appropriated from:	
Federal revenues:	
Total federal revenue	15,372,900
Special revenue funds:	
Private funds	213,000
State general fund/general purpose	\$ 2,244,400

CHILD AND FAMILY SERVICES GRANTS

Adolescent health care services	\$ 2,892,300
Dental programs	260,400
Early and periodic screening, diagnosis, and treatment outreach	7,600,000
Family planning local agreements	7,392,600

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Children's ombudsman office - reimbursement to the department of management and budget	\$	1,000,000
Lead paint program		491,800
Local MCH services		1,271,200
Maternity, infant, and children's health care local agreements		6,493,000
Medical services cost reimbursement to local health departments		1,800,000
Migrant health care		166,100
Pregnancy prevention program		7,296,100
Prenatal care community demonstration projects		58,200
Prenatal care outreach and service delivery support		7,679,700
Sudden infant death syndrome program		121,300
Women, infants, and children program local agreements and food costs		137,491,700
GROSS APPROPRIATION	\$	182,014,400
Appropriated from:		
Federal revenues:		
Total federal revenue		130,039,900
Special revenue funds:		
Private funds		33,332,500
Total other state restricted revenues		7,750,000
State general fund/general purpose	\$	10,892,000
CHILDREN'S SPECIAL HEALTH CARE SERVICES		
Total full-time equated positions		86.5
Program administration—84.5 FTE positions	\$	5,008,200
Contractual services, supplies, and materials		883,100
Amputee program		184,600
Bequests for care and services—2.0 FTE positions		810,500
Case management services		3,923,500
Conveyor contract		489,100
Medical care and treatment		107,770,700
Pediatric AIDS prevention and control		582,200
Sickle cell and other genetic services		1,729,400
GROSS APPROPRIATION	\$	121,381,300
Appropriated from:		
Federal revenues:		
Total federal revenue		63,511,400
Special revenue funds:		
Private-bequests		455,900
Total other state restricted revenues		5,019,100
State general fund/general purpose	\$	52,394,900
SUBSTANCE ABUSE PROGRAM ADMINISTRATION		
Total full-time equated positions		45.0
Substance abuse program administration—32.5 FTE positions	\$	1,864,100
Contractual services, supplies, and materials		120,300
Federal projects—12.5 FTE positions		1,384,300
GROSS APPROPRIATION	\$	3,368,700
Appropriated from:		
Federal revenues:		
Total federal revenue		1,261,400
Special revenue funds:		
Total other state restricted revenues		198,200
State general fund/general purpose	\$	1,909,100
SUBSTANCE ABUSE GRANTS AND CONTRACTS		
Chemically-dependent pregnant women and children program	\$	2,100,000
Community substance abuse prevention, education, and treatment grants		65,840,400
Federal and other special projects		7,011,700

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Highway safety projects	\$	337,200
Medical services reimbursement for substance abuse services		22,736,300
Program enhancement, evaluation, and data services		1,137,600
State disability assistance program substance abuse services		6,600,000
GROSS APPROPRIATION	\$	105,763,200

Appropriated from:

Federal revenues:

Total federal revenue		70,946,100
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Special revenue funds:

Total other state restricted revenues		1,360,000
State general fund/general purpose	\$	33,457,100

OFFICE OF DRUG CONTROL POLICY

Total full-time equated positions	13.0	
Drug control policy—13.0 FTE positions	\$	1,019,900
Anti-drug abuse grants		23,500,000
GROSS APPROPRIATION	\$	24,519,900

Appropriated from:

Federal revenues:

Total federal revenue		24,346,600
State general fund/general purpose	\$	173,300

MEDICAL SERVICES ADMINISTRATION

Full-time equated classified positions	544.0	
Salaries and wages—544.0 FTE positions	\$	31,152,600
Contractual services, supplies, and materials		20,213,600
Rent		2,232,200
Travel and equipment		288,500
Data processing contractual services		100
Facility inspection contract - state police		132,800
GROSS APPROPRIATION	\$	54,019,800

Appropriated from:

Federal revenues:

Total federal revenues		32,744,700
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Special revenue funds:

Private		60,000
State general fund/general purpose	\$	21,215,100

MEDICAL SERVICES

Hospital services and therapy	\$	1,350,558,600
Hospital disproportionate share payments		47,250,000
Physician services		358,825,500
Medicare premium payments		91,010,300
Pharmaceutical services		323,022,900
Home health services		39,389,900
Transportation		9,597,800
Auxiliary medical services		66,886,600
Nursing home services		745,562,400
Chronic care units and county medical care facilities		162,716,800
Health maintenance organizations		639,020,800
Early periodic screening, diagnosis, and treatment outreach		1,710,000
Caring program for children		1,575,000
Personal care services—adult foster care		25,462,000
Personal care services—in home services		4,200,000
Maternal and child health		10,447,000
Indigent medical care program		41,001,900
Subtotal basic medical services program		3,918,237,500
Outpatient hospital adjustor		44,012,800

	For Fiscal Year Ending Sept. 30, 1997
Medigrant contingency fund	\$ 400,000,000
School based services	50,000,000
Special adjustor payments	1,337,340,400
Subtotal special medical services payments	1,831,353,200
GROSS APPROPRIATION	\$ 5,749,590,700
Appropriated from:	
Federal revenues:	
Total federal revenues	3,246,199,400
Special revenue funds:	
Total local	23,471,800
Total private	500,000
Total other state restricted revenues	1,333,221,300
State general fund/general purpose	\$ 1,146,198,200

GENERAL SECTIONS

Sec. 201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1996-97 is estimated at \$3,768,185,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

	For Fiscal Year Ending Sept. 30, 1997
FEDERAL AND PRIVATE FUNDED PROJECTS	
Homelessness formula grant program - state match	708,800
FAMILY AND CONSUMER SUPPORT SERVICES	
Family support subsidy	12,393,700
Pilot projects in prevention for adults and children	1,513,800
Consumer involvement program	166,600
Foster grandparent and senior companion program	1,972,400
COMMUNITY MENTAL HEALTH PROGRAMS	
Community mental health programs	614,980,600
Community demand	6,586,300
Respite services	3,429,900
OBRA implementation	3,321,500
EXECUTIVE SERVICES	
Health planning	1,629,800
INFECTIOUS DISEASE CONTROL	
AIDS counseling and testing	687,800
AIDS referral and care network grants	223,000
Sexually transmitted disease control local agreements	452,900
HEALTH SYSTEMS LOCAL GRANTS	
Local public health infrastructure	825,300
Refugee health grant	30,000
State/local cost sharing	32,687,300
CENTER FOR HEALTH PROMOTION	
Cancer prevention and control program	1,248,700
Diabetes local agreements	510,000
Employee wellness program grants	2,586,100
School health curriculum	2,000,000
Smoking prevention program	1,050,000

CHILD AND FAMILY SERVICES GRANTS

Adolescent health care services.....	\$ 1,300,000
Family planning local agreements.....	1,230,300
Maternity, infants, and children's health care local agreements	246,100
Pregnancy prevention program	3,800,000
Prenatal care outreach and service delivery support.....	2,636,900

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Case management services	1,433,200
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SUBSTANCE ABUSE GRANTS AND CONTRACTS

Community substance abuse prevention, education, and treatment grants.....	16,870,700
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MEDICAL SERVICES

Indigent medical program.....	1,220,100
Hospital disproportionate share payments	18,000,000
Hospital services and therapy.....	41,625,200
Physician services.....	11,295,500
Pharmaceutical services	9,993,500
Home health services.....	1,200,300
Transportation.....	292,500
Auxiliary medical services	2,099,200
Health maintenance organizations.....	19,777,900

TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT	\$ 822,025,900
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(2) If it appears to the principal executive officer of a department or branch that state spending to local units of government will be less than the amount that was projected to be expended under subsection (1), the principal executive officer shall immediately give notice of the approximate shortfall to the department of management and budget.

Sec. 202. The expenditures and funding sources authorized under this bill are subject to the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

Sec. 203. Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 204. As used in this act:

- (a) "AIDS" or "AIDS/HIV" means acquired immunodeficiency syndrome/human immunodeficiency virus.
- (b) "CMH" means community mental health.
- (c) "CMHSP" means a community mental health service program.
- (d) "Department" or "MDCH" means the Michigan department of community health.
- (e) "DEQ/DCH" means department of environmental quality/department of community health.
- (f) "EPSDT" means early and periodic screening, diagnosis, and treatment.
- (g) "FTE" means full-time equated.
- (h) "IDEA" means individual disability education act.
- (i) "HIV" means human immunodeficiency virus.
- (j) "IDG" means interdepartmental grant.
- (k) "IDT" means intradepartmental transfer.
- (l) "MCH" means maternal and child health.
- (m) "MDEQ" means Michigan department of environmental quality.
- (n) "MDOC" means the Michigan department of corrections.
- (o) "Title IV" means title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 671.
- (p) "Title XVIII" means title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395c to 1395i, 1395i-2 to 1395i-4, 1395j to 1395t, 1395u to 1395w-2, 1395w-4 to 1395zz, and 1395bbb to 1395ccc.
- (q) "Title XX" means title XX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1397 to 1397f.

Sec. 205. The department shall provide a report on contractual services to the department of management and budget and to the chairpersons of the senate and house appropriations committees each month. The report shall be based on the monthly civil service statewide contracted services report required by section 281 of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1281 of the Michigan Compiled Laws. The report shall provide the name of the contractor, the dollar value of the contract, description and location of the service to be provided, and justification for the contract.

Sec. 206. The CMHSP board shall be granted access to those portions of a standing committee meeting minutes or full board minutes pertaining to a CMHSP contract, provided that the information is not protected by peer review provisions.

Sec. 209. (1) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$100,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

(2) In addition to the funds appropriated in section 101, 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 pursuant to section 393(2) of Act No. 431 of the Public Acts of 1984.

(3) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$5,000,000.00 for local and private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of Act No. 431 of the Public Acts of 1984.

Sec. 214. (1) Beginning October 1, 1996, 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 or to positions that are funded with 80% or more federal or restricted funds.

(2) The director of the department of management and budget shall grant exceptions to this hiring freeze when the director believes that the hiring freeze will result in the state department's or agency's inability to deliver basic services. The director of the department of management and budget shall report by the fifteenth of each month 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 month and the reasons to justify the exceptions.

Sec. 217. Basic health services for the fiscal year beginning October 1, 1996, for the purpose of part 23 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.2301 to 333.2321 of the Michigan Compiled Laws, are those described by the department in its proposed program statement dated October 16, 1981, and in the "prenatal postpartum care, proposed basic health service program statement" included in the department document entitled "A Study of Prenatal Care as a Basic Service," dated March 1, 1986, and for which the legislature has made funds available in amounts necessary to ensure their availability and accessibility. The services described in the statement are: immunizations, communicable disease control, venereal disease control, tuberculosis control, prevention of gonorrhea eye infection in newborns, screening newborns for phenylketonuria, screening newborns for hypothyroidism, health/medical annex of emergency preparedness plan, licensing and surveillance of agricultural labor camps, and prenatal care.

Sec. 218. If the revenue collected by the department from fees and collections exceeds the amount appropriated in section 101, the revenue may be carried forward into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 219. The department shall not pay for a billing received from a contractor or service provider that is submitted more than 12 months after the bill for good or service is provided.

Sec. 220. (1) From the amounts appropriated in section 101, no greater than the following amounts are supported with federal maternal and child health, preventive health and health services, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant	\$	21,633,200.
(b) Preventive health and health services block grant.....	\$	6,984,800.
(c) Substance abuse block grant.....	\$	51,057,700.
(d) Healthy Michigan funds	\$	36,047,800.
(e) Michigan health initiative.....	\$	9,500,000.

(2) On or before February 1, 1997, the department shall report to the house and senate appropriations subcommittees on public health, the house and senate fiscal agencies, and the department of management and budget on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the appropriations units in section 101 of Act Nos. 150, 151, and 156 of the Public Acts of 1995.

(3) The department shall report on or before February 1, 1997, to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total federal funds appropriated in each of the appropriations units in section 101 of the fiscal year 1997-98 executive budget proposal.

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

Sec. 221. The department may contract with the Michigan public health institute for the design and implementation of projects and for other public health related activities prescribed in section 2611 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.2611 of the Michigan Compiled Laws. The department may develop a master agreement with the institute for up to a 3-year period to carry out these purposes. The department shall report on projects to be carried out by the institute, expected project duration, and project cost by November 1, 1996 and May 1, 1997 to the house and senate appropriations subcommittees on community health, senate and house fiscal agencies, and the department of management and budget. If the reports are not received by the specified dates, no funds shall be disbursed. For the purposes of this section, the Michigan public health institute shall be considered a public health agency.

Sec. 223. The state departments, agencies, and commissions receiving tobacco tax funds from section 101 shall report quarterly beginning October 1, 1996, to the senate and house appropriations committees, the senate and house fiscal agencies, and the department of management and budget on the following:

- (a) Detailed spending plan by appropriation line item including description of programs.
- (b) Allocations from funds appropriated under these sections.
- (c) Description of allocations or bid processes including need or demand indicators used to determine allocations.
- (d) Eligibility criteria for program participation and maximum benefit levels where applicable.
- (e) Outcome measures to be used to evaluate programs.
- (f) Any other information deemed necessary by the house or senate appropriations committees or the department of management and budget.

Sec. 224. The use of state restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts and deposited in the healthy Michigan fund shall not be used for lobbying as defined in Act No. 472 of the Public Acts of 1978, being sections 4.411 to 4.431 of the Michigan Compiled Laws.

Sec. 225. The department of civil service shall bill departments and/or agencies at the end of the first fiscal quarter for the 1% charges 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.

Sec. 229. On October 1, 1996 and April 1, 1997, the department shall make a list available of reports to be prepared pursuant to the provisions of this act. The list shall be distributed to house and senate appropriations subcommittees on community health, house and senate fiscal agencies, house and senate central staffs, and the department of management and budget. The listed parties may request copies of reports from the list and submit the request back to the department. The department shall provide copies of the requested reports no later than the date the report is due to those persons requesting the reports.

Sec. 230. No funds appropriated in section 101 shall be expended for media activities regarding the alleged dangers of naturally occurring radon gas.

Sec. 231. The source of funding for section 101 appropriation for spinal cord and traumatic brain injury registries, Arab-American-Chaldean council, and ACCESS primary care services is the federal preventive health and health services block grant.

Sec. 232. To the extent that additional medigrant funds in community mental health and community residential services not spent on cost increases are available, those funds shall be used to provide economic increases for community mental health and for residential services.

Sec. 233. In addition to funds appropriated in section 101 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year

appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

Sec. 234. (1) The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the department.

(2) The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

Sec. 235. Funds appropriated in section 101 shall not be used for the purchase of foreign goods and/or services when competitively priced and of comparable quality American goods and/or services are available.

Sec. 236. The department shall provide a report on the progress of the medicaid managed mental health care program to the members of the senate and house appropriations subcommittees on community health, the senate committee on families, mental health, and human services and the house committee on mental health by September 30, 1997. This report shall summarize actions taken by the department and community mental health services programs to implement the managed mental health care program and include summary information on inpatient and partial hospitalization and costs, access to services, and summary information on consumer satisfaction measures.

Sec. 237. (1) If the director of the department of management and budget determines that the federal government has failed to enact comprehensive reforms in the federal cash welfare and medicaid programs by October 1, 1996, and notifies the senate and house appropriations committees of that determination, the line-item appropriations contained in section 101 of this appropriation act are adjusted by the amounts listed in subsection (5). A contingency fund account is created in an amount equal to these adjustments.

(2) Effective October 1, 1996, the director of the department of management and budget may adjust the annual allotments and payment schedules of the line-item appropriations in section 101 in accordance with the items listed in subsection (5).

(3) Contingency fund transfers are authorized in an amount necessary to reverse these adjustments. These transfers shall conform with the provisions of section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws. Transfers may restore all or part of the adjustments listed in subsection (5).

(4) If any of the appropriation adjustments listed in subsection (5) have not been reversed through contingency fund transfers by April 1, 1997, the directors of the department of management and budget, the house fiscal agency, and the senate fiscal agency shall jointly determine the extent of the remaining fiscal imbalance that results from failure to achieve federal medicaid and cash welfare reform. All remaining appropriation adjustments, not previously reversed by contingency fund transfers, shall be made on the same proportionate basis.

(5) The line-item appropriations contained in section 101 of this act are adjusted by the following amounts:

MEDICAL SERVICES

Hospital services and therapy	\$	(14,383,900)
Physician services		(4,500,000)
Pharmaceutical services		(10,192,000)
Transportation		(1,897,300)
Auxiliary medical services		(3,000,000)
Nursing home services		(50,000,000)
HMO services		(15,000,000)
Indigent medical care program		(20,000,000)
GROSS APPROPRIATION		(118,973,200)
Federal revenues:		
Total federal revenues		(70,473,200)
Healthy Michigan fund		15,000,000
State general fund/general purpose		(63,500,000)
Subtotal of adjustments:		(118,973,200)

(6) The department is authorized to finance an interdepartmental grant of up to \$16,000,000.00 general fund/general purpose to the family independence agency from medical services accounts. This grant shall be made only if the projected spending for services funded by medical services accounts can be supported by the remaining appropriated funds after transfer of the funds in accordance with the interdepartmental grant. Determination of projected spending in the accounts shall be done jointly by the house and senate fiscal agencies and the department of management and budget on January 3, 1997 and April 1, 1997.

Sec. 238. (1) If the director of the department of management and budget determines that the federal government has failed to enact comprehensive reforms in the federal cash welfare and medicaid programs by October 1, 1996, and notifies the senate and house appropriations committees of that determination, the line-item appropriations contained in section 101 of this appropriation act are adjusted by the amounts listed in subsection (2). A contingency fund account is created in an amount equal to these adjustments.

(2) The line-item appropriations contained in section 101 of this act are adjusted by the following amounts:

COMMUNITY MENTAL HEALTH SERVICES PROGRAMS

Community mental health programs	\$ (25,258,600)
CMHSP - purchase of state services contracts.....	5,331,900
Omnibus reconciliation act implementation	(860,000)
GROSS APPROPRIATION.....	(20,786,700)
Federal revenues:	
Total federal revenues	(40,642,700)
State general fund/general purpose	19,856,000

COMMUNITY RESIDENTIAL SERVICES

Community residential and support services for persons with DD	(7,173,100)
CMHSP - purchase of state services contracts.....	(3,905,800)
GROSS APPROPRIATION.....	(11,078,900)
Federal revenues:	
Total federal revenues	(11,078,900)

STATE PSYCHIATRIC HOSPITALS

Caro regional mental health center.....	(29,500)
Clinton Valley center	(14,800)
Kalamazoo psychiatric hospital	(54,100)
Northville psychiatric hospital	(9,800)
Walter P. Reuther psychiatric hospital.....	(383,800)
CMHSP - purchase of state services contracts.....	(300,900)
GROSS APPROPRIATION.....	(792,900)
Federal revenues:	
Total federal revenues	(792,900)

STATE PSYCHIATRIC HOSPITALS FOR CHILDREN AND ADOLESCENTS

Detroit psychiatric institute	(28,600)
Hawthorn center.....	(753,200)
Pheasant Ridge children's program at Kalamazoo.....	(171,600)
CMHSP - purchase of state services contracts.....	(141,700)
GROSS APPROPRIATION.....	(1,095,100)
Federal revenues:	
Total federal revenues	(1,095,100)

STATE CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Mount Pleasant center.....	(1,580,400)
Southgate center.....	(851,000)
CMHSP - purchase of state services contracts.....	(983,500)
GROSS APPROPRIATION.....	(3,414,900)
Federal revenues:	
Total federal revenues	(3,414,900)

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Medical care and treatment	4,689,500
GROSS APPROPRIATION.....	4,689,500
Federal revenues:	
Total federal revenues	(1,368,400)
State general fund/general purpose	6,057,900

SUBSTANCE ABUSE GRANTS AND CONTRACTS

Medicaid reimbursement for substance abuse services.....	(1,082,700)
GROSS APPROPRIATION.....	(1,082,700)

Federal revenues:	
Total federal revenues	\$ (1,689,000)
State general fund/general purpose	606,300

MEDICAL SERVICES

Hospital services and therapy	(171,792,800)
Hospital disproportionate share payments	(2,250,000)
Physician services	(76,025,900)
Medicare premium payments	4,838,200
Pharmaceutical services	22,811,300
Home health services	5,778,300
Transportation	795,000
Auxiliary medical services	3,862,600
Nursing home services	9,608,000
Chronic care units and county medical care facilities	(7,411,700)
Health maintenance organizations	92,195,300
Early periodic screening, diagnosis, and treatment outreach	872,000
Caring program for children	(75,000)
Personal care services - adult foster care	(500,000)
Personal care services - in home services	1,300,000
Maternal and child health	(1,212,500)
Indigent medical care program	400,000
Medigrant contingency fund	(400,000,000)
Special adjustor payments	(598,270,600)
GROSS APPROPRIATION	(1,115,077,800)

Federal revenues:	
Total federal revenues	(658,790,500)
Intergovernmental transfer	(598,270,600)
State general fund/general purpose	141,983,300
Subtotal of adjustments:	(1,148,639,500)

Federal revenues:	
Total federal revenues	(718,867,000)
Intergovernmental transfer	(598,270,600)
State general fund/general purpose	168,498,100
Total adjustments:	(1,267,612,700)
Total federal revenues	(789,340,200)
Healthy Michigan Funds	15,000,000
Intergovernmental transfer	(598,270,600)
State general fund/general purpose	104,998,100

Sec. 239. (1) There is hereby authorized for contingency fund transfers an amount equal to the difference between appropriated funding for medicaid in the department of community health and actual projected expenditures as of April 1, 1997. This amount may be transferred from the contingency fund account to any relevant line-item for the support of welfare reform initiatives. Such transfers shall be done in accordance with section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws. The amount transferred under this section shall be unallotted in the department of community health budget and shall not be available for expenditure in that budget.

(2) It is the intent of this legislature to prohibit state contracts with health care agencies, organizations and providers licensed or registered as defined in Act No. 368 of the Public Acts of 1978, being sections 333.1101 to 333.25211 of the Michigan Compiled Laws, that use gag rules in their relationships with health care providers.

Sec. 240. The department shall not implement an affirmative action plan unless the plan has been submitted to the Michigan civil rights commission for approval in accordance with section 210 of the Elliott-Larsen civil rights act, Act No. 453 of the Public Acts of 1976, being section 37.2210 of the Michigan Compiled Laws, and the Michigan civil rights commission has approved the plan.

Sec. 241. In conjunction with the family independence agency, the department shall report on actions it has taken to comply with the recommendations contained in the performance audit of the recipient funds and property of the specialized residential services program issued by the auditor general. This report shall be due by November 1, 1996, and copies shall be given to the senate and house subcommittees on community health, the senate and house fiscal agencies, and the auditor general.

EXECUTIVE OFFICE

Sec. 301. Funds appropriated in section 101 from the central fund for acquiring additional federal and private funds shall not be expended until the grant money is actually approved by the grantor. Funds accepted under this section shall not be authorized if the receipt of the funds mandates a commitment for state funding at a future date.

Sec. 302. (1) In funding of staff in the financial support division, reimbursement, and billing and collection sections, priority shall be given to obtaining third party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

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

Sec. 303. (1) The department's ability to satisfy appropriation deductions in section 101 shall not be limited to collections and accruals pertaining to services provided in fiscal year 1996-97, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(2) The department shall report promptly to the house and senate appropriations subcommittees on community health on all reimbursements, refunds, adjustments, and settlements from prior years.

Sec. 304. Funds appropriated in section 101 for the mental health advisory council may be used for member per diems of \$50.00 and other council expenditures. Funds may also be used for the expenses of the state mental health advisory council on deafness and other expenses for councils established by the mental health code, Act No. 258 of the Public Acts of 1974, being sections 330.1001 to 330.2106 of the Michigan Compiled Laws.

Sec. 305. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$2,000,000.00 remaining on September 30, 1997 from pay telephone revenues and the amounts appropriated in section 101 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

Sec. 306. The department shall provide quarterly reports concerning the department's revenue and expenditure status to the senate and house appropriations committees, the house and senate fiscal agencies, and the department of management and budget.

Sec. 307. The specific amounts indicated in section 101 of this act as restricted revenue for financing appropriations from federal, state restricted, local, private, and CMHSP - purchase of state services contracts are estimates of the proportion of the total amounts expected to be collected, and the department may satisfy any individual restricted revenue deduct amount from the total revenues of all of those revenue sources. A report shall be provided by April 15 to the fiscal agencies and department of management and budget on actual collections by revenue source for each appropriation unit during the previous fiscal year.

Sec. 308. The funds appropriated in section 101 for forensic mental health services provided to the department of corrections are in accordance with the interdepartmental plan developed in cooperation with the department of corrections. The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in section 101 to fulfill the obligations outlined in the interdepartmental agreements.

Sec. 309. The department shall ensure that fair hearings required under federal law are provided for every recipient receiving services under the managed mental health care program. For purposes of a fair hearing under this section, a denial of service includes a denial of a service appropriate to the condition of the recipient. The department shall include in each contract with a county community mental health board a requirement that the county board provide notice and procedures for the required fair hearings.

Sec. 310. (1) From the funds appropriated in section 101, the department shall authorize sufficient additional funds for administration of the community residential and support services and to assure that recipient rights protection and administrative needs are met in the JS-MORC community residential and support service area. The additional funding shall be in an amount agreed to by the department and affected community mental health services programs and shall

be generally consistent with the recommendations of the MORC futures steering committee. It shall also assure recipient rights and administrative capability at least equal to the levels in place before the JS-MORC closure.

(2) As agreed to by the department and community mental health services programs, the department shall authorize, from the funds appropriated in section 101, additional funding of 1/2 of any local match loss.

COMMUNITY MENTAL HEALTH SERVICES PROGRAM

Sec. 401. (1) Funds appropriated in section 101 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSP boards. The department shall ensure that each board provides all of the following:

- (a) A system of single entry and single exit.
 - (b) A comprehensive range of services that includes prevention and that may include state provided acute and long-term inpatient and residential care.
 - (c) The coordination of inpatient and outpatient hospital services through agreements with state psychiatric hospitals and centers.
 - (d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the board's program or through assistance with locating and obtaining services to meet these needs.
 - (e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.
 - (f) A system of continuous quality improvement.
 - (g) A system to monitor and evaluate the mental health services provided.
- (2) In partnership with CMHSP boards, the department shall establish a process to ensure the long-term viability of a single entry and exit and locally controlled community mental health system.

Sec. 402. (1) From funds appropriated in section 101, final authorizations to CMHSP boards shall be made upon the execution of contracts between the department and CMHSP boards. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts.

(2) The funds appropriated in section 101 for the purchase of state service contracts are for the purchase of state hospital and center services, state administered community residential services, or for approved community-based programs that reduce utilization of state provided services. These funds shall be authorized to CMHSP boards based on estimates approved by the department as part of the negotiated contract.

(3) Funds that are authorized to CMHSP boards, when used to purchase state services, shall be provided to state hospitals, centers, and placement agencies based on the per diem and billing arrangements approved by the department in the negotiated contract.

(4) The department may advance to each CMHSP board an amount not to exceed 1/4 of its estimated total collections from medicaid and may establish a separate accounts receivable for the total of these amounts. Advances made pursuant to this subsection shall be repaid in the same fiscal year and before any advance is provided for a subsequent year.

(5) Current billing and collection procedures for the net cost of state provided services shall continue as specified in chapter 3 of the mental health code, Act No. 258 of the Public Acts of 1974, being sections 330.1300 to 330.1320 of the Michigan Compiled Laws.

(6) The department may access funds from the appropriation directly for patients who have no county affiliation or for whom county charges are exempted.

(7) The funds appropriated in section 101 from purchase of state service contracts shall not result in increased costs to counties in excess of the local match required under section 302 and section 308 of the mental health code, Act No. 258 of the Public Acts of 1974, being sections 330.1302 and 330.1308 of the Michigan Compiled Laws.

Sec. 403. The funds appropriated in this act for county community mental health programs shall not be used to replace funds no longer available because the local government or CMHSP board reduced its base of support for state and local mental health services, as defined in chapter 2 of the mental health code, Act No. 258 of the Public Acts of 1974, being sections 330.1200 to 330.1246 of the Michigan Compiled Laws, below that of the previous year.

Sec. 404. The amount appropriated in section 101 for CMHSP services is intended for funding of CMHSP boards in accordance with contracts between the department and the boards for the current fiscal year. The department shall establish such total accounts payable and receivable amounts as may be appropriate to represent the expected final state obligation for all such contracts. After final review of the expenditure reports required by the contracts, any

amounts advanced to the board which are returned to the department and any amounts paid to the boards in accordance with the provisions of the contracts shall be considered to be adjustments to the program expenditures for the prior fiscal year. These prior year transactions shall be recorded in a separate account established for that purpose. Community mental health service programs' prior year revenue recognized in the current fiscal year may be restricted to finance related prior year expenditures not previously recorded.

Sec. 405. Funds appropriated in section 101 for CMHSP services may be reserved and carried forward pursuant to provisions in the mental health code, Act No. 258 of the Public Acts of 1974, being sections 330.1001 to 330.2106 of the Michigan Compiled Laws.

Sec. 406. Unexpended and unencumbered amounts and accompanying expenditure authorization remaining on September 30, 1997 from the \$9,161,600.00 appropriated in section 101 for community demand may be carried forward for 2 fiscal years as a work project. The purpose and method of this work project is to respond to community demand by providing community residential and alternative services to individuals with developmental disabilities through community mental health boards. The expected completion date is September 30, 1999.

Sec. 407. From the funds appropriated for CMHSP, \$3,160,000.00 will be directed toward providing multicultural special needs projects.

Sec. 408. (1) Not later than April 10 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the department of management and budget which shall include information required by this section. This report will be updated to the extent possible, based on available data, by September 30.

(2) The report shall contain information for each community mental health services board and a statewide summary, each of which shall include at least the following information:

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

(b) Per capita expenditures by client population group.

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

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

(e) Information about access to community mental health services programs which shall include but not be limited to:

(i) The number of people receiving requested services.

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

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

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

(3) The report shall include a progress report on each community mental health services program's status with regard to implementation of the Michigan mission based performance indicator system and state plans for further implementation, including plans for service outcomes in other domains.

Sec. 410. (1) By April 10, 1997, the department shall report the following data from FY 1995-96 on community mental health services programs to the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the department of management and budget:

(a) An estimate of the number of FTEs employed or contracted directly by the CMHSPs as of September 30, 1996 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 1996.

(b) Lapses and carryforwards for CMHSP boards, including historical lapse and carryforward data.

(c) Contracts for mental health services entered into by CMHSP boards with providers, including amounts and rates, organized by type of service provided.

(2) The department shall include these data reporting requirements in the annual contract with individual CMHSP boards.

(3) The department shall take all reasonable actions to ensure that the requested data reported are complete and consistent among all CMHSP boards.

(4) Agencies contracting with CMHSP boards shall provide 3 days' notice to the CMHSP board of all committee and full board meetings and shall conduct all portions of meetings pertaining to CMHSP boards funded programs in the same manner as required for meetings of public bodies under the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws.

COMMUNITY RESIDENTIAL SERVICES

Sec. 501. The funds appropriated in section 101 for community residential services programs may be used for basic care in cases where individuals are not eligible to receive social security benefits and are not otherwise capable of supporting themselves out of their own resources. Funds may be used for aftercare services or to prevent admissions to state hospitals and centers through residential and support services. Expenditures and allocations may be authorized for CMHSP boards and state hospitals, centers, and placement agencies.

Sec. 502. The department shall not enter into new contracts with private attorneys for legal services for the purposes of gaining and maintaining occupancy to a specialized residential facility. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, Act No. 258 of the Public Acts of 1974, being section 330.1931 of the Michigan Compiled Laws, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a specialized residential facility which is under lease or contract with the department or a community mental health services program board to provide services to persons with mental illness or developmental disability. State funds shall not be used for legal services to represent private investors purchasing homes for these purposes.

Sec. 503. The department shall take steps to ensure that the administrative costs of purchase of service residential contracts do not exceed previous levels. The department shall report annually to the house and senate appropriations subcommittees on community health information about administrative and other provider costs.

Sec. 504. Over the next 4 years, the department shall establish as a funding priority increases for residential service providers in order to assure the provision of quality services through a more stable workforce.

INSTITUTIONAL SERVICES, HOSPITALS, AND CENTERS

Sec. 601. In addition to the amounts appropriated in section 101, revenues from work activity centers and the sale of sheltered workshop services and products are appropriated to be expended for supplies, equipment, and other costs associated with the maintenance of the sheltered workshop program, excluding costs of compensating state classified employees. The unspent balance on the last day of the fiscal year ending September 30, 1997 shall be carried forward into the subsequent fiscal year. The funds carried forward shall be used for supplies, equipment, and other costs associated with maintaining sheltered workshop programs excluding the costs of compensating state classified employees. The total estimated cost of the program is \$1,250,000.00 and specific project expenditures are to be completed by September 30, 1998.

Sec. 602. From funds appropriated for worker's compensation, the department may make payments in lieu of worker's compensation payments for wage/salary and related fringe benefits for employees who return to work under limited duty assignments. Employees returning to work under limited duty assignments who are funded under this section will be in addition to the facility's existing staffing authorization.

Sec. 603. (1) Subject to the funds appropriated in section 101 for hospitals and centers, the department shall authorize FTEs and funds to each hospital and center on the basis of the actual utilization of each of the hospitals and centers.

(2) Funds that become available as a result of reductions in the utilization of state operated hospitals and centers are intended to be retained by CMHSP to support community based services.

Sec. 604. (1) In addition to the amounts appropriated in section 101, revenues received during fiscal year 1996-97 from the sale or rental of land, supplies, equipment, or other property under the jurisdiction of the department of community health during fiscal year 1996-97 or during any fiscal year before fiscal year 1996-97 to a nonstate agency or

department because it is no longer needed at a state facility because of the facility's closure are appropriated to be expended to enhance and expand community based services. The funds shall be expended in the catchment area that was served by the facility prior to its closure. The unspent balance on the last day of the fiscal year ending September 30, 1997 shall be carried forward into the subsequent fiscal years.

(2) All land, supplies, equipment, or other property under the jurisdiction of the department of community health that is not needed for present or future use by the department of community health and that is not sold or transferred during fiscal year 1996-97 to another state agency or department for its use shall be sold at not less than fair market value.

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

(2) All closures or consolidations are dependent upon adequate departmentally approved CMHSP board plans which include a discharge and aftercare plan for each person currently in the facility.

(3) Four months after the certification of closure required in section 19(6) of Act No. 240 of the Public Acts of 1943, being section 38.19 of the Michigan Compiled Laws, the department shall provide a closure plan to the house and senate appropriations subcommittees.

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

EXECUTIVE SERVICES

Sec. 701. Of the amount appropriated in section 101 from revenues from fees and collections, not more than \$250,000.00 received from the sale of vital records death data shall be used for improvements in the vital records and health statistics program. The amount described in this section shall not revert to the general fund at the end of the fiscal year ending September 30, 1997. Not later than December 1, 1997, the amount of any unexpended balances and the proposed uses for those balances shall be reported to the senate and house fiscal agencies.

INFECTIOUS DISEASE CONTROL

Sec. 801. State funds appropriated in any other account in section 101 may be used to supplant not more than \$350,000.00 in federal funds projected for immunization, if the federal funds are unavailable. The department shall inform the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the department of management and budget of the specific line items reduced pursuant to this section.

Sec. 802. In the expenditure of funds appropriated in section 101 for AIDS programs, the department and its subcontractors shall ensure that adolescents receive priority for prevention, education, and outreach services.

Sec. 803. In developing and implementing AIDS provider education activities, the department may provide funding to the Michigan state medical society to continue to serve as lead agency to convene a consortium of health care providers, to design needed educational efforts, to fund other statewide provider groups, and to assure implementation of these efforts, in accordance with a plan approved by the department.

Sec. 804. If an employee of the department of corrections comes in contact with a prisoner and that contact involves the risk of exposure to the prisoner's blood or bodily fluids, upon the employee's request the department shall inform the employee of the results of the prisoner's HIV test if known by the department.

HEALTH SYSTEMS LOCAL GRANTS

Sec. 1101. The funds appropriated in section 101 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.2701 to 333.2727 of the Michigan Compiled Laws.

Sec. 1102. The department is directed to continue support of multicultural agencies which provide primary care services from the funds appropriated in section 101.

Sec. 1103. The amount appropriated in section 101 for implementation of Act No. 133 of the Public Acts of 1993 shall reimburse local health departments for costs incurred related to implementation of section 17015(15) of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.17015 of the Michigan Compiled Laws.

Sec. 1104. The amount appropriated in section 101 for state/local cost sharing may be used for special grants to local health departments to satisfy minimum funding levels prescribed by section 2477 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.2477 of the Michigan Compiled Laws, and any other authorized supplement. The special grants shall not exceed a total of \$250,000.00. If proposed changes to sections 2471 to 2498 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.2471 to 333.2498 of the Michigan Compiled Laws, are enacted during fiscal year 1995-96, the department shall adjust funding from the amount appropriated in section 101 for state/local cost sharing to comply with the revisions in the public health code.

Sec. 1105. If a county receiving funding from the amount appropriated in section 101 for local public health infrastructure is part of a district health department or in an associated arrangement with other local health departments on June 1, 1992 and then ceases to be part of such an arrangement, the allocation to that county from the local public health infrastructure appropriation shall be reduced by 50% from the amount originally allocated.

Sec. 1106. Of the amount appropriated in section 101 for state/local cost sharing, \$15,608,100.00 is an increase from fiscal year 1993-94. Distributions from the increased appropriation shall be made only in the counties that maintain local spending in fiscal year 1996-97 of at least the amount expended in fiscal year 1992-93.

Sec. 1107. (1) Funds appropriated in section 101 for state/local cost sharing shall be allocated as follows:

(a) To reimburse local health departments on a 50% basis of the net allowable costs for providing the following 9 required services: immunizations, infectious disease control, sexually transmitted disease control, hearing screening, vision services, food protection, public water supply, private groundwater supply, and on-site sewage management.

(b) As grants for core services based upon an agreed modified formula.

(c) As public health improvement block grants to insure that all local health departments will be held harmless.

(2) By April 1, 1996, the department shall provide to the senate and house fiscal agencies the funding schedule for the 9 required services, core service grants, and public health improvement block grants to local health departments.

CENTER FOR HEALTH PROMOTION

Sec. 1201. From the state funds appropriated in section 101 for the center for health promotion, the department shall allocate funds to promote awareness, education, and early detection of breast, cervical, and prostate cancer, and provide for other health promotion media activities.

Sec. 1202. Of the amount appropriated in section 101 for the spinal cord and traumatic brain injury registry, no less than \$35,000.00 shall be provided to the southeastern Michigan spinal cord injury system (SMSCIS) for the design and implementation of a spinal cord and traumatic brain injury registry if SMSCIS submits a proposal that is acceptable to the department.

Sec. 1203. (1) The amount appropriated in section 101 for the school health curricula shall be allocated in 1996-97 to provide grants to or contract with certain districts and intermediate districts for the provision of a school health education curriculum. Provision of the 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 public health agency in the department of community health.

(d) The office of 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.

Sec. 1204. Of the funds appropriated in section 101 for the Alzheimer's information network, the department shall allocate funds to regional information and referral centers.

Sec. 1206. From the amounts appropriated in section 101 for the cancer prevention and control program, the department shall allocate to the Hurley and Harper hospitals' prostate cancer demonstration projects in fiscal year 1996-97 no less than the amounts allocated to these projects in fiscal year 1995-96.

Sec. 1207. From the funds appropriated in section 101 for physical fitness, nutrition, and health, up to \$1,000,000.00 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.

Sec. 1208. Of the funds appropriated in section 101 for smoking prevention program, not less than \$50,000.00 shall be allocated for prenatal smoking cessation programs.

Sec. 1209. From the funds appropriated in section 101 for smoking prevention program, a maximum of 2.5% shall be allocated to adolescent health care centers that currently provide smoking prevention programs. These funds shall be distributed under the current adolescent health center allocation formula.

Sec. 1210. (1) The funds appropriated in section 101 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 section 101 for violence prevention, the department shall give equal consideration to public and private nonprofit applicants.

(3) From the funds appropriated in section 101 for violence prevention, the department may include local school districts as recipients of the funds for family violence prevention programs.

Sec. 1211. From the amount appropriated in section 101 for the cancer prevention and control program, funds shall be allocated to a regional cancer program operated jointly by Wayne State University, the Detroit medical center, and the Michigan cancer foundation; to the University of Michigan cancer center; and to the Michigan State University college of human medicine for cancer prevention activities.

Sec. 1212. From the funds appropriated in section 101 for diabetes local agreements, 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.

CHILD AND FAMILY SERVICES GRANTS

Sec. 1301. 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.

Sec. 1302. (1) Agencies receiving funds appropriated from section 101 for adolescent health care services shall meet all of the following criteria:

(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.

(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.

(b) Require each local school board funded by the agency to establish 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. All advisory committee meetings shall be open to the public with at least a 1-week notice of the meeting date published in the local newspaper.

(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) If a local advisory committee established under subdivision (b) recommends that family planning be provided as a service, require that any public information brochure include family planning in its description of the entire array of services provided by the adolescent health clinic.

(e) 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.

(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 fiscal agencies based on the information provided under subsection (1)(a). The report is due 90 days after the end of the calendar year.

Sec. 1303. Of the funds appropriated in section 101 for adolescent health care services, \$1,840,830.00 shall be allocated to teen centers as follows: \$90,000.00 base funding, and of the remaining funding 25% distributed on the number of users, 50% distributed on the number of visits, and 25% distributed on the number of services. This formula does not apply to the alternative models.

Sec. 1304. Before April 1, 1997, the department shall submit a report to the house and senate fiscal agencies on planned allocations from the amounts appropriated in section 101 for maternity, infant, and children's health care local agreements, 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) Basis for grantee selection.

(c) Expected cost per client served by grantee.

(d) Number of women, children, and/or adolescents expected to be served.

(e) Expected first and third party collections by source of payment.

(f) The extent to which grantees meet federal indicators, when applicable.

(g) Actual numbers served and amounts expended in the categories described in subdivisions (a) to (e) for the fiscal year 1995-96.

Sec. 1305. For all programs for which an appropriation is made in section 101 for child and family services grants, the department shall contract with those local public and private nonprofit 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, where applicable.

Sec. 1306. 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 as its common reporting requirements. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1307. Of the amount appropriated in section 101 for prenatal care outreach and service delivery support, not more than 10% shall be expended for local administration, data processing, and evaluation.

Sec. 1309. A clinic, institution, or other health facility receiving state funding for family planning purposes shall provide to a client seeking family planning services, at initial contact, a pamphlet containing educational information to assist the patient in making responsible parenting decisions. The pamphlet shall include, but not be limited to,

information regarding the physical, financial, and time commitment involved in parenting. The pamphlets required by this section shall be provided by the department. The pamphlets shall be written in English and in clear, nontechnical terms. Copies of the pamphlets shall also be printed in Spanish and distributed upon request to the clinics, institutions, and other health facilities described in this section.

Sec. 1310. The department shall maintain comprehensive health care programs to communicate to preteens the importance of delaying sexual activity and to address teen sexual activity, teenage pregnancy, and sexually transmitted diseases.

Sec. 1312. The funds appropriated in section 101 for pregnancy prevention programs shall not be used to provide abortion counseling, referrals, or services.

Sec. 1313. In the event of a federal block grant consolidation of the women's, infants, and children supplemental food program, the department shall continue to competitively bid infant formula manufacturer rebate contracts.

Sec. 1314. (1) From the amounts appropriated in section 101 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 1995-96.

(2) Not later than November 1, 1996, the department shall report to the senate and house appropriations subcommittees on community health and the senate and house standing committees on public health the number of individual patients treated, the number of procedures performed, and approximate total market value of those procedures through September 30, 1996.

Sec. 1315. The department shall make a grant of \$53,000.00 to pregnancy services of Michigan.

Sec. 1316. From the funds appropriated in section 101 for immunization local agreements, the department shall implement a state-wide immunization registry. The registry shall be available to both public and private providers.

Sec. 1317. 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.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1401. Money appropriated in section 101 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the department of management and budget.

Sec. 1402. 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.

SUBSTANCE ABUSE GRANTS AND CONTRACTS

Sec. 1502. The funding in section 101 for substance abuse services shall be distributed in a manner so as to provide priority to service providers which furnish child care services to clients with children.

Sec. 1503. In spending the funds appropriated in section 101 for community substance abuse prevention, education, and treatment grants, the office of substance abuse services and its subcontractors shall ensure that chemically dependent pregnant women and women with dependent children receive priority for services.

Sec. 1504. (1) The funds appropriated in section 101 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility

of clients for the state disability assistance substance abuse services program shall be determined in accordance with section 805 of Act No. 168 of the Public Acts of 1992.

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

Sec. 1505. (1) The amount appropriated in section 101 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies or designated service providers.

(2) The department, in consultation with coordinating agencies, will develop a plan for the implementation of a managed care system which will efficiently and effectively provide necessary and appropriate substance abuse services for those in need of such service. The managed care system will be based on principles outlined in:

- (a) Report of the substance abuse managed care task force.
- (b) Report of the substance abuse task force on administrative efficiencies.

Sec. 1506. If substance abuse coordinating agencies receiving funding from the amount appropriated in section 101 for substance abuse services cease to exist or merge with other coordinating agencies, or otherwise restructure, the administrative savings resulting from such a change for the fiscal year ending September 1997 will be redistributed to the restructured substance abuse coordinating agency or other designated service providers for substance abuse treatment services in the region, subject to contractual lapse provisions.

Sec. 1507. (1) By April 15, 1997, the department shall report the following data from fiscal year 1995-96 on substance abuse prevention, education, and treatment programs to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies:

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

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

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

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

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

MEDICAL SERVICES

Sec. 1601. The department of community health shall provide an administrative procedure for the review of 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.

Sec. 1602. (1) Except as provided in subsection (2), 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 deemed 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 and direct medical education payments.

Sec. 1603. (1) Effective October 1, 1996, the pharmaceutical dispensing fee shall be \$3.72 or the usual and customary cash charge, whichever is less. If a recipient is 21 years of age or older, the department shall require a \$1.00 per prescription client copayment, except as prohibited by federal or state law or regulation.

(2) The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to recipients of medical assistance except as excluded by law.

(3) The copayments in subsections (1) and (2) may be waived for recipients who participate in a program of medical case management such as enrollment in a health maintenance organization or the primary physician sponsor plan program.

Sec. 1605. 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 means those services which produce the maximum reduction of physical and mental limitations and restoration of an individual to his or her best functional level. At a minimum, remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1606. Medical services adult dental services shall continue at not less than the level in effect on October 1, 1991.

Sec. 1607. Medical services podiatric services shall continue at the level in effect on October 1, 1991, except that reasonable utilization limitations may be adopted in order to prevent excess utilization.

Sec. 1608. Medical services chiropractic services shall continue at the level in effect on September 30, 1990, 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.

Sec. 1609. (1) From the funds appropriated in section 101 for the indigent medical care program, the department shall establish a program which provides for the basic health care needs of indigent persons as delineated in the following subsections.

(2) Eligibility for this program is limited to the following:

(a) Persons currently receiving cash grants under either the family independence program or state disability assistance programs who are not eligible for any other public or private health care coverage.

(b) Any other resident of this state who currently meets the income and asset requirements for the state disability assistance program and is not eligible for any other public or private health care coverage.

(3) All potentially eligible persons, except those defined in subsection (2)(a), who shall be automatically enrolled, may apply for enrollment in this program at local family independence agency offices or other designated sites.

(4) The program shall provide for the following minimum level of services for enrolled individuals:

(a) Physician services provided in private, clinic, or outpatient office settings.

(b) Diagnostic laboratory and x-ray services.

(c) Pharmaceutical services.

Sec. 1610. The department may require medical services recipients to receive psychiatric services through a managed care system.

Sec. 1611. The department shall continue to implement managed care and shall 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 shall be assigned to a managed care provider.

Sec. 1612. (1) The department shall not preauthorize or in any way restrict single-source pharmaceutical products except those single-source pharmaceuticals that have been subject to prior authorization by the department prior to January 1, 1992 and those single-source pharmaceuticals within the categories specified in section 1927(d)(2) of the social security act, 42 U.S.C. 1396s(d), or for the reasons delineated in section 1927(d)(3) of the social security act.

(2) The department may implement drug utilization review and monitoring programs that may cover renewals of prescriptions of anti-ulcer agents; these programs shall not be expanded to other therapeutic classes. Such programs shall have physician oversight through the drug utilization and review board to ensure proper determination.

Sec. 1613. The department shall not implement a mail-order pharmacy program.

Sec. 1614. The department shall assure that all eligible children assigned to medical services managed care programs have timely access to early and periodic screening, diagnosis, and treatment (EPSDT) services as required by federal law.

Sec. 1615. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal medigra program. The department and the department of management and budget 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 medigra 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 section 101 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.

(3) The department shall not make distributions from the funds provided for this purpose in section 101 until it has filed the necessary state plan amendments, made required notifications, received an indication of approval from the health care financing administration, and received approval from the department of management and budget.

Sec. 1616. The special adjuster appropriation in section 101 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 and receives an indication of approval of the amendment from the health care financing administration. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 1617. The department of community health shall obtain from those health maintenance organizations and clinic plans with which the department contracts patient-based utilization data, including immunizations, early and periodic screenings, diagnoses, and treatments, substance abuse services, and maternal and infant support services referrals. The format and frequency of reporting shall be specified by the department. The reports shall be distributed to the members of the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the director of each local health department.

Sec. 1618. (1) It is the intent of the legislature that at least 50% of inflation increases in rates shall be used for a wage and benefit pass-through to nursing home workers, based on a plan developed by the department and substantially similar to a plan implemented in the 1989-1990 fiscal year. The rate increase for enhanced wages and benefits shall be provided to those facilities which make application for it to fund the medicaid program share of wage and benefit increases up to 50 cents per employee hour. The pass-through shall only be used to increase wages and benefits. Nursing facilities shall be required to document that these wage and benefit increases were actually provided.

(2) In the event that a federal budget reconciliation act is adopted, it is the intent of the legislature that funds shall be appropriated from section 101 to increase the medicaid program share of the nursing home wage pass-through up to \$1.00 per employee hour.

Sec. 1619. 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 of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396a.

Sec. 1620. The department may fund home and community-based services in lieu of nursing home services, for individuals seeking long-term care services, from the nursing home or personal care in-home services line items.

Sec. 1621. 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.

Sec. 1622. (1) The department shall implement enforcement actions as specified in the nursing facility enforcement provisions of 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.

Sec. 1623. The department shall notify the medical services managed care provider of an address for each enrolled recipient at the time of enrollment and whenever there is a subsequent address change.

Sec. 1624. (1) Medical services patients who are enrolled in health maintenance organizations (HMOs) or capitated clinic plans have the choice to elect hospice services or other services for the terminally ill that are offered by the HMO or clinic plan. If the patient elects hospice services, those services shall be provided in accordance with 214 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.21401 to 333.21420 of the Michigan Compiled Laws.

(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. 1625. Usual and customary charges for pharmacy providers are defined as the pharmacy's charges to the general public for like or similar services.

Sec. 1626. (1) From the funds appropriated in section 101 for outpatient hospital indigent adjustor, 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 outpatient services. Such payments, if any, may be made as a gross adjustment to hospital outpatient payments or by another mechanism or schedule as determined by the department, which meets the intent of this section.

(2) For counties with populations in excess of 2,000,000 persons, the department shall distribute \$44,012,800.00 to hospitals if \$15,026,700.00 is received by the state from such counties, 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 these counties, the amount distributed shall be reduced accordingly.

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

Sec. 1627. 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.

Sec. 1629. Any unexpended balance from the medigrant contingency fund will not lapse and will carry forward into fiscal year 1998.

Sec. 1630. The department of community health and the family independence agency shall provide to the appropriations subcommittees a report on coordination of adult home help, home and community based care, and nursing home care by October 15, 1996. This report shall focus on how these programs will ensure the maximum independence and care for eligible individuals.

Sec. 1631. The department, in conjunction with representatives of the pharmacy profession, may develop a plan for a competitive reimbursement system for medical services pharmacy services. This plan shall be submitted to the members of the senate and house appropriations subcommittees on community health.

Sec. 1632. From the funds appropriated in section 101 for the expansion of healthy kids eligibility, infant support services shall be available for children up to age 2.

Sec. 1633. 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. The rates shall be set based on the most recent cost report prepared and filed timely in accordance with Medicaid policy and certified by the preparer, provider corporate owner, or representative as being true, accurate, prepared with knowledge and consent, and containing no untrue, misleading, or deceptive information. If the audited version of the last report is available, it shall be used. Any rates set based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Sec. 1634. (1) In cooperation with the family independence agency, the department may establish a pilot project for persons who work their way off welfare to purchase medicaid coverage at a rate determined by the department.

(2) The department may receive and expend premiums for the buy-in of medicaid coverage in addition to the amounts appropriated in section 101.

(3) *These premiums shall be classified as private funds.*

Sec. 1635. The department may increase enrollment of medicaid eligible persons in capitated health plans during fiscal year 1996-97. Mandatory enrollment may occur for the elderly, the disabled, the medically needy, individuals with mental illness, individuals who have a developmental disability, children with serious emotional disturbance, and recipients of children's special health care services if both of the following conditions are met:

(a) Continuity of care is assured by allowing enrollees to continue receiving currently required medically necessary services from their primary providers for a period not to exceed 1 year.

(b) A contract for an independent evaluation is in place to measure cost, access, quality, and patient satisfaction.

Sec. 1636. The department shall establish uniform quality and reporting standards for all capitated health plans with which it contracts. At least 30 days prior to the implementation of such standards, the department shall report on the standards developed to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies.

Sec. 1637. (1) Medicaid capitated health plans shall establish an ongoing internal quality assurance program for health care services provided to medicaid recipients which includes:

- (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 such 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 such 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.

(2) Medicaid capitated health plans shall apply for accreditation by an appropriate external independent accrediting organization requiring standards recognized by the department once those plans have met the application requirements. The state shall accept accreditation of a plan by an approved accrediting organization as proof that the plan 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 capitated health plans shall report aggregate encounter data, including data on inpatient and outpatient hospital care, physician visits, pharmaceutical services, and other services specified by the department.

(4) Medicaid capitated health plans shall assure that all covered services are available and accessible to enrollees with reasonable promptness and in a manner which assures continuity. Medically necessary services shall be available and accessible 24 hours a day and 7 days a week.

(5) Medicaid capitated health plans shall provide for reimbursement of services delivered other than through the plan's providers if medically necessary and approved by the plan, immediately required, and which could not reasonably be obtained through the plan's providers.

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

(7) Medicaid capitated health plans shall provide the department with a demonstration of the plan's capacity to adequately serve the plan's expected enrollment of medicaid enrollees.

(8) Medicaid capitated health plans 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 such assurances at the time of enrollment.

(9) Medicaid capitated health plans shall provide procedures for hearing and resolving grievances between the plan and members enrolled in the plan on a timely basis.

(10) Medicaid capitated health plans shall meet other standards and requirements contained in state laws, administrative rules, and policies promulgated by the department. The department may establish alternative standards and requirements that specify financial safeguards for organizations not otherwise covered by existing law.

Sec. 1638. From the funds appropriated in section 101 for health maintenance organizations, the department may contract for the assessment of quality in capitated health plans which enroll medicaid recipients. Organizations providing such quality reviews shall meet the requirements of the health care financing administration and include the following functions:

- (a) Review of plan performance based on accepted quality performance criteria.
- (b) Utilization of quality indicators and standards developed specifically for the medicaid population.
- (c) Promote accountability for improved plan performance.

Sec. 1639. Medicaid capitated health plans shall not directly market their services to or enroll medicaid eligible persons. The department shall provide or arrange for assistance to medicaid enrollees in understanding, electing, and using the managed care plans available. Information regarding the available health plans and enrollment materials shall

be provided through local family independence agency offices during the eligibility determination and redetermination process, and at other locations specified by the department.

Sec. 1640. The department may require a 6-month lock-in to the capitated health plan selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

Sec. 1641. The department shall provide an alternative grievance procedure for medicaid eligible persons enrolled in capitated health plans which includes an expedited complaint review procedure for situations where failure to receive any health care service would result in significant harm to the enrollee.

Sec. 1642. The department shall contract for enrollee services with local health departments or other community based organizations in geographic areas where capitated health plans are serving medicaid recipients. Such organizations shall not be involved in the delivery of medicaid capitated health plan services. Enrollee services shall help medicaid recipients make an informed choice regarding plan enrollment, assist with enrollee satisfaction and access surveys, and access appropriate complaint and grievance systems. The department shall make the results of enrollee satisfaction and access surveys available to the legislature and the public.

Sec. 1643. (1) The department may develop a program for providing services to medical assistance recipients under a full-risk capitation arrangement, through contracts with provider-sponsored networks, health maintenance organizations, and other organizations. The department shall award contracts under the program at least every 5 years based on a competitive bidding process. In developing a program under this section, the department shall consult with providers, medical assistance recipients, and other interested parties. The following provisions shall be considered in any program:

(a) In determining eligible contractors, the department shall consider provider-sponsored networks, along with health maintenance organizations, and other organizations. All eligible contractors shall meet the same standards for quality, access, benefits, financial, and organizational capability.

(b) 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.

(2) In the event that changes to federal statutes are not enacted to permit development of a proposal for full-risk arrangements pursuant to subsection (1), the department shall submit a plan for holding fiscal year expenditures within the appropriated amounts through established policy consultation process prior to implementation.

(3) Whenever economical and feasible, the department shall give preference to programs that provide a choice of qualified contractors and at least an annual open enrollment in the program.

Sec. 1644. The mother of an unborn child shall be eligible for medical services benefits for herself and her child if all other eligibility factors are met. To be eligible for these benefits, the applicant shall provide medical evidence of her pregnancy. If she is unable to provide the documentation, payment for the examination may be at state expense. The department of community health shall undertake such measures as may be necessary to ensure that necessary prenatal care is provided to medical services eligible recipients.

Sec. 1645. The protected income level for medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.106 of the Michigan Compiled Laws, shall be 100% of the related public assistance standard.

Sec. 1646. 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.

Sec. 1648. The department shall only contract with health plans which cover a minimum length of postpartum stay at a hospital that is consistent with the minimum postpartum hospital stay standards of the American academy of pediatrics and the American colleges of obstetricians and gynecologists.

Sec. 1649. From the funds appropriated in section 101 for physician services the department shall provide an additional \$400,000.00 gross for enhanced fraud and abuse detection, prosecution, and recovery through the health care fraud unit under the state attorney general.

Sec. 1650. In cooperation with other appropriate departments, the department shall initiate a pilot project for the use of medicaid program eligibility cards which simplify eligibility verification and assist in tracking and controlling medicaid utilization.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.