

**SUBSTITUTE FOR
SENATE BILL NO. 950**

A bill to make appropriations for the department of community health for the fiscal year ending September 30, 2013; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1
2
3
4
5
6
7
8
9

PART 1

LINE-ITEM APPROPRIATIONS
FOR FISCAL YEAR 2012-2013

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2013, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

1 APPROPRIATION SUMMARY

2	Full-time equated unclassified positions.....	6.0	
3	Full-time equated classified positions.....	3,533.6	
4	Average population	893.0	
5	GROSS APPROPRIATION.....		\$ 15,035,513,000
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers		10,023,800
9	ADJUSTED GROSS APPROPRIATION.....		\$ 15,025,489,200
10	Federal revenues:		
11	Total other federal revenues.....		9,702,741,100
12	Special revenue funds:		
13	Total local revenues.....		257,214,300
14	Total private revenues.....		93,364,000
15	Merit award trust fund.....		81,202,200
16	Total other state restricted revenues.....		2,065,355,300
17	State general fund/general purpose.....		\$ 2,825,612,300
18	State general fund/general purpose schedule:		
19	Ongoing state general fund/general		
20	purpose	2,816,040,100	
21	One-time state general fund/general		
22	purpose	9,572,200	
23	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
24	Full-time equated unclassified positions.....	6.0	
25	Full-time equated classified positions.....	171.7	
26	Director and other unclassified--6.0 FTE positions ...		\$ 583,900
27	Departmental administration and management--161.7		

1	FTE positions	23,953,300
2	Worker's compensation program.....	7,612,800
3	Rent and building occupancy.....	9,386,500
4	Developmental disabilities council and	
5	projects--10.0 FTE positions	<u>2,986,900</u>
6	GROSS APPROPRIATION.....	\$ 44,523,400
7	Appropriated from:	
8	Interdepartmental grant revenues:	
9	Federal revenues:	
10	Total federal revenues.....	14,547,300
11	Special revenue funds:	
12	Total private revenues.....	34,600
13	Total other state restricted revenues.....	780,500
14	State general fund/general purpose.....	\$ 29,161,000
15	Sec. 103. BEHAVIORAL HEALTH ADMINISTRATION	
16	Full-time equated classified positions..... 99.0	
17	Behavioral health program administration--98.0 FTE	
18	positions	\$ 17,310,400
19	Gambling addiction--1.0 FTE positions.....	3,000,000
20	Protection and advocacy services support	194,400
21	Community residential and support services.....	1,549,100
22	Federal and other special projects.....	3,541,600
23	Family support subsidy.....	19,161,000
24	Housing and support services.....	<u>11,322,500</u>
25	GROSS APPROPRIATION.....	\$ 56,079,000
26	Appropriated from:	
27	Federal revenues:	

1	Total federal revenues.....	39,551,500
2	Special revenue funds:	
3	Total private revenues.....	400,000
4	Total other state restricted revenues.....	3,000,000
5	State general fund/general purpose.....	\$ 13,127,500
6	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
7	SERVICES PROGRAMS	
8	Full-time equated classified positions..... 9.5	
9	Medicaid mental health services.....	\$ 2,193,680,100
10	Community mental health non-Medicaid services.....	274,136,200
11	Medicaid adult benefits waiver.....	32,056,100
12	Mental health services for special populations.....	5,842,800
13	Medicaid substance abuse services.....	48,071,700
14	CMHSP, purchase of state services contracts.....	144,662,600
15	Civil service charges.....	1,499,300
16	Federal mental health block grant--2.5 FTE positions .	15,424,900
17	State disability assistance program substance abuse	
18	services	2,018,800
19	Community substance abuse prevention, education, and	
20	treatment programs	80,093,000
21	Children's waiver home care program.....	19,444,800
22	Nursing home PAS/ARR-OBRA--7.0 FTE positions.....	12,233,600
23	Children with serious emotional disturbance waiver...	<u>12,651,000</u>
24	GROSS APPROPRIATION.....	\$ 2,841,814,900
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	Interdepartmental grant from the department of human	

1	services	6,194,900
2	Federal revenues:	
3	Total federal revenues.....	1,622,885,500
4	Special revenue funds:	
5	Total local revenues.....	25,228,900
6	Total other state restricted revenues.....	22,261,900
7	State general fund/general purpose.....	\$ 1,165,243,700
8	Sec. 105. STATE PSYCHIATRIC HOSPITALS AND FORENSIC	
9	MENTAL HEALTH SERVICES	
10	Total average population	893.0
11	Full-time equated classified positions.....	2,130.9
12	Caro Regional Mental Health Center - psychiatric	
13	hospital - adult--461.3 FTE positions.....	\$ 62,314,100
14	Average population	185.0
15	Kalamazoo Psychiatric Hospital - adult--466.1 FTE	
16	positions	60,153,200
17	Average population	189.0
18	Walter P. Reuther Psychiatric Hospital -	
19	adult--420.8 FTE positions	55,687,500
20	Average population	234.0
21	Hawthorn Center - psychiatric hospital - children	
22	and adolescents--226.4 FTE positions.....	28,636,900
23	Average population	75.0
24	Center for forensic psychiatry--556.3 FTE positions..	69,151,200
25	Average population	210.0
26	Revenue recapture.....	750,000
27	IDEA, federal special education.....	120,000

1	Special maintenance.....	332,500
2	Purchase of medical services for residents of	
3	hospitals and centers	445,600
4	Gifts and bequests for patient living and treatment	
5	environment	<u>1,000,000</u>
6	GROSS APPROPRIATION.....	\$ 278,591,000
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues.....	33,737,000
10	Special revenue funds:	
11	CMHSP, purchase of state services contracts.....	144,662,600
12	Other local revenues.....	18,713,000
13	Total private revenues.....	1,000,000
14	Total other state restricted revenues.....	16,542,000
15	State general fund/general purpose.....	\$ 63,936,400
16	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
17	Full-time equated classified positions..... 101.9	
18	Public health administration--7.3 FTE positions.....	\$ 1,594,000
19	Health and wellness initiatives--10.7 FTE positions..	5,146,700
20	Minority health grants and contracts--2.5 FTE	
21	positions	612,700
22	Vital records and health statistics--81.4 FTE	
23	positions	<u>9,643,300</u>
24	GROSS APPROPRIATION.....	\$ 16,996,700
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	Interdepartmental grant from the department of human	

1	services	1,181,200
2	Federal revenues:	
3	Total federal revenues.....	4,229,700
4	Special revenue funds:	
5	Total other state restricted revenues.....	10,301,600
6	State general fund/general purpose.....	\$ 1,284,200
7	Sec. 107. HEALTH POLICY	
8	Full-time equated classified positions.....	64.8
9	Emergency medical services program state staff--23.0	
10	FTE positions	\$ 4,502,400
11	Emergency medical services grants and services	660,000
12	Health policy administration--24.1 FTE positions	4,304,600
13	Nurse scholarship, education, and research	
14	program--3.0 FTE positions	762,300
15	Certificate of need program administration--12.3 FTE	
16	positions	2,021,900
17	Rural health services--1.0 FTE positions	1,504,100
18	Michigan essential health provider.....	491,400
19	Primary care services--1.4 FTE positions	<u>3,236,000</u>
20	GROSS APPROPRIATION.....	\$ 17,482,700
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	Interdepartmental grant from the department of	
24	licensing and regulatory affairs.....	2,058,800
25	Interdepartmental grant from the department of	
26	treasury, Michigan state hospital finance authority.	112,400
27	Federal revenues:	

1	Total federal revenues.....	5,645,800
2	Special revenue funds:	
3	Total private revenues.....	255,000
4	Total other state restricted revenues.....	5,783,000
5	State general fund/general purpose.....	\$ 3,627,700
6	Sec. 108. INFECTIOUS DISEASE CONTROL	
7	Full-time equated classified positions..... 44.5	
8	AIDS prevention, testing, and care programs--12.7	
9	FTE positions	\$ 58,558,700
10	Immunization local agreements.....	11,975,200
11	Immunization program management and field	
12	support--12.8 FTE positions	1,835,300
13	Pediatric AIDS prevention and control--1.0 FTE	
14	positions	1,233,100
15	Sexually transmitted disease control local agreements	3,360,700
16	Sexually transmitted disease control management and	
17	field support--18.0 FTE positions.....	<u>3,794,100</u>
18	GROSS APPROPRIATION.....	\$ 80,757,100
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues.....	42,597,900
22	Special revenue funds:	
23	Total private revenues.....	27,707,700
24	Total other state restricted revenues.....	7,605,200
25	State general fund/general purpose.....	\$ 2,846,300
26	Sec. 109. LABORATORY SERVICES	
27	Full-time equated classified positions..... 100.0	

1	Laboratory services--100.0 FTE positions	\$	<u>18,023,400</u>
2	GROSS APPROPRIATION.....	\$	18,023,400
3	Appropriated from:		
4	Interdepartmental grant revenues:		
5	Interdepartmental grant from the department of		
6	environmental quality		456,800
7	Federal revenues:		
8	Total federal revenues.....		2,730,500
9	Special revenue funds:		
10	Total other state restricted revenues.....		8,310,400
11	State general fund/general purpose	\$	6,525,700
12	Sec. 110. EPIDEMIOLOGY		
13	Full-time equated classified positions..... 115.1		
14	AIDS surveillance and prevention program.....	\$	2,254,100
15	Bioterrorism preparedness--55.0 FTE positions		35,201,400
16	Epidemiology administration--41.6 FTE positions		9,253,000
17	Healthy homes program--8.0 FTE positions		2,932,100
18	Lead abatement program.....		100
19	Newborn screening follow-up and treatment		
20	services--10.5 FTE positions		5,629,000
21	Tuberculosis control and prevention.....		<u>867,000</u>
22	GROSS APPROPRIATION.....	\$	56,136,700
23	Appropriated from:		
24	Federal revenues:		
25	Total federal revenues.....		47,078,200
26	Special revenue funds:		
27	Total private revenues.....		100,000

1	Total other state restricted revenues	7,007,500
2	State general fund/general purpose	\$ 1,951,000
3	Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS	
4	Full-time equated classified positions.....	2.0
5	Essential local public health services	\$ 37,386,100
6	Implementation of 1993 PA 133, MCL 333.17015	20,000
7	Local health services--2.0 FTE positions	524,400
8	Medicaid outreach cost reimbursement to local health	
9	departments	<u>9,000,000</u>
10	GROSS APPROPRIATION.....	\$ 46,930,500
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues	9,524,400
14	Special revenue funds:	
15	Total local revenues	5,150,000
16	State general fund/general purpose	\$ 32,256,100
17	Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND	
18	HEALTH PROMOTION	
19	Full-time equated classified positions.....	64.3
20	Cancer prevention and control program--11.0 FTE	
21	positions	\$ 14,932,600
22	Chronic disease control and health promotion	
23	administration--29.4 FTE positions	6,833,800
24	Diabetes and kidney program--8.0 FTE positions	1,855,700
25	Injury control intervention project	100
26	Public health traffic safety coordination--1.0 FTE	
27	positions	93,800

1	Smoking prevention program--12.0 FTE positions	2,172,100
2	Violence prevention--2.9 FTE positions	<u>2,158,000</u>
3	GROSS APPROPRIATION.....	\$ 28,046,100
4	Appropriated from:	
5	Interdepartmental grant revenues:	
6	Federal revenues:	
7	Total federal revenues	25,083,400
8	Special revenue funds:	
9	Total private revenues	500,000
10	Total other state restricted revenues	721,200
11	State general fund/general purpose	\$ 1,741,500
12	Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH	
13	SERVICES	
14	Full-time equated classified positions..... 49.6	
15	Childhood lead program--2.5 FTE positions	\$ 653,900
16	Dental programs--3.0 FTE positions	1,109,400
17	Dental program for persons with developmental	
18	disabilities	151,000
19	Family, maternal, and children's health services	
20	administration--41.6 FTE positions.....	6,654,000
21	Family planning local agreements	9,085,700
22	Local MCH services	7,018,100
23	Pregnancy prevention program	602,100
24	Prenatal care outreach and service delivery support ..	3,794,200
25	Special projects--2.5 FTE positions	12,228,900
26	Sudden infant death syndrome program	<u>321,300</u>
27	GROSS APPROPRIATION.....	\$ 41,618,600

1	Appropriated from:		
2	Federal revenues:		
3	Total federal revenues.....		35,518,100
4	Special revenue funds:		
5	Total local revenues.....		75,000
6	Total private revenues.....		873,200
7	State general fund/general purpose.....	\$	5,152,300
8	Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND		
9	NUTRITION PROGRAM		
10	Full-time equated classified positions.....	45.0	
11	Women, infants, and children program administration		
12	and special projects--45.0 FTE positions.....	\$	16,294,500
13	Women, infants, and children program local		
14	agreements and food costs		<u>253,825,500</u>
15	GROSS APPROPRIATION.....	\$	270,120,000
16	Appropriated from:		
17	Federal revenues:		
18	Total federal revenues.....		211,501,600
19	Special revenue funds:		
20	Total private revenues.....		58,618,400
21	State general fund/general purpose.....	\$	0
22	Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES		
23	Full-time equated classified positions.....	46.8	
24	Children's special health care services		
25	administration--44.0 FTE positions.....	\$	5,385,600
26	Bequests for care and services--2.8 FTE positions....		1,511,400
27	Outreach and advocacy.....		5,510,000

1	Nonemergency medical transportation.....	2,679,300
2	Medical care and treatment.....	<u>286,029,400</u>
3	GROSS APPROPRIATION.....	\$ 301,115,700
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	167,886,700
7	Special revenue funds:	
8	Total private revenues.....	996,800
9	Total other state restricted revenues.....	3,848,500
10	State general fund/general purpose.....	\$ 128,383,700
11	Sec. 116. CRIME VICTIM SERVICES COMMISSION	
12	Full-time equated classified positions.....	13.0
13	Grants administration services--13.0 FTE positions...	\$ 2,460,000
14	Justice assistance grants.....	19,106,100
15	Crime victim rights services grants.....	<u>16,570,000</u>
16	GROSS APPROPRIATION.....	\$ 38,136,100
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	24,083,800
20	Special revenue funds:	
21	Total other state restricted revenues.....	14,052,300
22	State general fund/general purpose.....	\$ 0
23	Sec. 117. OFFICE OF SERVICES TO THE AGING	
24	Full-time equated classified positions.....	40.0
25	Office of services to aging administration--40.0 FTE	
26	positions	\$ 6,724,200
27	Community services.....	35,314,600

1	Nutrition services.....	35,430,200
2	Foster grandparent volunteer program.....	2,233,600
3	Retired and senior volunteer program.....	627,300
4	Senior companion volunteer program.....	1,604,400
5	Employment assistance.....	3,500,000
6	Respite care program.....	<u>5,868,700</u>
7	GROSS APPROPRIATION.....	\$ 91,303,000
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	57,029,700
11	Special revenue funds:	
12	Total private revenues.....	677,500
13	Merit award trust fund.....	4,468,700
14	Total other state restricted revenues.....	1,400,000
15	State general fund/general purpose.....	\$ 27,727,100
16	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
17	Full-time equated classified positions.....	435.5
18	Medical services administration--411.5 FTE positions .	\$ 66,277,400
19	Facility inspection contract.....	132,800
20	MICChild administration.....	4,327,800
21	Electronic health record incentive program--24.0 FTE	
22	positions	<u>144,081,400</u>
23	GROSS APPROPRIATION.....	\$ 214,819,400
24	Appropriated from:	
25	Federal revenues:	
26	Total federal revenues.....	190,394,900
27	Special revenue funds:	

1	Total local revenues.....	105,900
2	Total private revenues.....	100,000
3	Total other state restricted revenues.....	115,400
4	State general fund/general purpose.....	\$ 24,103,200
5	Sec. 119. MEDICAL SERVICES	
6	Hospital services and therapy.....	\$ 1,317,201,300
7	Hospital disproportionate share payments.....	45,000,100
8	Physician services.....	363,599,600
9	Medicare premium payments.....	412,142,400
10	Pharmaceutical services.....	287,141,800
11	Home health services.....	4,385,000
12	Hospice services.....	103,278,800
13	Transportation.....	18,868,900
14	Auxiliary medical services.....	3,596,400
15	Dental services.....	175,357,300
16	Ambulance services.....	12,790,000
17	Long-term care services.....	1,731,358,900
18	Medicaid home- and community-based services waiver...	232,991,100
19	Adult home help services.....	295,217,600
20	Personal care services.....	13,682,800
21	Program of all-inclusive care for the elderly.....	34,792,800
22	Autism services.....	100
23	Health plan services.....	4,410,770,700
24	MIChild program.....	67,461,400
25	Plan first family planning waiver.....	14,295,500
26	Medicaid adult benefits waiver.....	105,877,700
27	Special indigent care payments.....	95,738,900

1	Federal Medicare pharmaceutical program.....	192,209,800
2	Maternal and child health.....	20,279,500
3	Subtotal basic medical services program.....	9,958,038,400
4	School-based services.....	131,502,700
5	Special Medicaid reimbursement.....	390,962,100
6	Subtotal special medical services payments.....	<u>522,464,800</u>
7	GROSS APPROPRIATION.....	\$ 10,480,503,200
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	7,086,654,900
11	Special revenue funds:	
12	Total local revenues.....	63,128,500
13	Total private revenues.....	2,100,000
14	Merit award trust fund.....	76,733,500
15	Total other state restricted revenues.....	1,961,421,700
16	State general fund/general purpose.....	\$ 1,290,464,600
17	Sec. 120. INFORMATION TECHNOLOGY	
18	Information technology services and projects.....	\$ 35,028,400
19	Michigan Medicaid information system.....	<u>30,201,100</u>
20	GROSS APPROPRIATION.....	\$ 65,229,500
21	Appropriated from:	
22	Federal revenues:	
23	Total federal revenues.....	44,780,800
24	Special revenue funds:	
25	Total other state restricted revenues.....	1,940,600
26	State general fund/general purpose.....	\$ 18,508,100
27	Sec. 121. ONE-TIME BASIS ONLY APPROPRIATIONS	

1	State employee lump-sum payments	\$	4,285,300
2	Health and wellness initiatives		3,000,100
3	Hospital services and therapy - graduate medical		
4	education		100
5	Hospital services and therapy - rural and sole		
6	community hospitals		100
7	Laboratory services		100
8	Mental health services for special populations		100
9	Michigan Medicaid information system		40,000,000
10	Office of services to the aging administration		100
11	Primary care services -- island clinics		<u>100</u>
12	GROSS APPROPRIATION	\$	47,286,000
13	Appropriated from:		
14	Interdepartmental grant revenues:		
15	Total interdepartmental grant revenues		19,700
16	Federal revenues:		
17	Total federal revenues		37,279,400
18	Special revenue funds:		
19	Total local revenues		150,400
20	Total private revenues		800
21	Total other state restricted revenues		263,500
22	State general fund/general purpose	\$	9,572,200

23 PART 2

24 PROVISIONS CONCERNING APPROPRIATIONS

25 FOR FISCAL YEAR 2012-2013

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2012-2013 is \$4,972,169,800.00 and state spending from state resources to be paid to local units of government for fiscal year 2012-2013 is \$1,424,679,200.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF COMMUNITY HEALTH

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

AND SPECIAL PROJECTS

Community residential and support services	\$	258,500
--	----	---------

Housing and support services		599,800
------------------------------------	--	---------

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse

services	\$	2,018,000
----------------	----	-----------

Community substance abuse prevention, education, and

treatment programs		14,556,800
--------------------------	--	------------

Medicaid mental health services		709,306,800
---------------------------------------	--	-------------

Community mental health non-Medicaid services		274,136,200
---	--	-------------

Mental health services for special populations		5,842,800
--	--	-----------

Medicaid adult benefits waiver		10,774,100
--------------------------------------	--	------------

Medicaid substance abuse services		16,156,900
---	--	------------

Children's waiver home care program		5,857,500
---	--	-----------

Nursing home PAS/ARR-OBRA		2,703,800
---------------------------------	--	-----------

HEALTH POLICY, REGULATION, AND PROFESSIONS

Primary care services	\$	88,900
-----------------------------	----	--------

1	INFECTIOUS DISEASE CONTROL		
2	AIDS prevention, testing, and care programs	\$	1,000,000
3	Sexually transmitted disease control local agreements		175,200
4	LABORATORY SERVICES		
5	Laboratory services	\$	13,700
6	LOCAL HEALTH ADMINISTRATION AND GRANTS		
7	Implementation of 1993 PA 133, MCL 333.17015	\$	8,000
8	Essential local public health services		32,236,100
9	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
10	Cancer prevention and control program	\$	450,000
11	Chronic disease control and health promotion		
12	administration		75,000
13	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES		
14	Childhood lead program	\$	51,100
15	Prenatal care outreach and service delivery support ..		1,500,000
16	CHILDREN'S SPECIAL HEALTH CARE SERVICES		
17	Medical care and treatment	\$	1,409,900
18	Outreach and advocacy		1,237,500
19	MEDICAL SERVICES		
20	Dental services	\$	2,536,000
21	Long-term care services		285,952,300
22	Transportation		2,971,900
23	Medicaid adult benefits waiver		6,246,800
24	Hospital services and therapy		4,965,500
25	Physician services		3,774,800
26	OFFICE OF SERVICES TO THE AGING		
27	Community services	\$	12,233,700

1	Nutrition services.....	8,787,000
2	Foster grandparent volunteer program.....	679,800
3	Retired and senior volunteer program.....	175,000
4	Senior companion volunteer program.....	215,000
5	Respite care program.....	5,384,800

6 CRIME VICTIM SERVICES COMMISSION

7	Crime victim rights services grants.....	\$ <u>10,300,000</u>
---	--	----------------------

8 TOTAL OF PAYMENTS TO LOCAL UNITS

9	OF GOVERNMENT.....	\$ 1,424,679,200
---	--------------------	------------------

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

13 Sec. 203. As used in this article:

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

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

18 (c) "Current fiscal year" means the fiscal year ending
 19 September 30, 2013.

20 (d) "Department" means the department of community health.

21 (e) "Director" means the director of the department.

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

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

25 (h) "Federal health care reform legislation" means the patient
 26 protection and affordable care act, Public Law 111-148, and the
 27 health care and education reconciliation act of 2010, Public Law

1 111-152.

2 (i) "Federal poverty level" means the poverty guidelines
3 published annually in the federal register by the United States
4 department of health and human services under its authority to
5 revise the poverty line under 42 USC 9902.

6 (j) "GME" means graduate medical education.

7 (k) "Health plan" means, at a minimum, an organization that
8 meets the criteria for delivering the comprehensive package of
9 services under the department's comprehensive health plan.

10 (l) "HEDIS" means healthcare effectiveness data and information
11 set.

12 (m) "HIV" means human immunodeficiency virus.

13 (n) "HMO" means health maintenance organization.

14 (o) "IDEA" means the individuals with disabilities education
15 act, 20 USC 1400 to 1482.

16 (p) "MCH" means maternal and child health.

17 (q) "MIChild" means the program described in section 1670.

18 (r) "PAS/ARR-OBRA" means the preadmission screening and annual
19 resident review required under the omnibus budget reconciliation
20 act of 1987, section 1919(e)(7) of the social security act, and 42
21 USC 1396r.

22 (s) "PIHP" means a specialty prepaid inpatient health plan for
23 Medicaid mental health services, services to individuals with
24 developmental disabilities, and substance abuse services. Specialty
25 prepaid inpatient health plans are described in section 232b of the
26 mental health code, 1974 PA 258, MCL 330.1232b.

27 (t) "Title XVIII" and "Medicare" mean title XVIII of the

1 social security act, 42 USC 1395 to 1395kkk-1.

2 (u) "Title XIX" and "Medicaid" mean title XIX of the social
3 security act, 42 USC 1396 to 1396w-5.

4 (v) "Title XX" means title XX of the social security act, 42
5 USC 1397 to 1397m-5.

6 Sec. 206. (1) In addition to the funds appropriated in part 1,
7 there is appropriated an amount not to exceed \$200,000,000.00 for
8 federal contingency funds. These funds are not available for
9 expenditure until they have been transferred to another line item
10 in this article under section 393(2) of the management and budget
11 act, 1984 PA 431, MCL 18.1393.

12 (2) In addition to the funds appropriated in part 1, there is
13 appropriated an amount not to exceed \$40,000,000.00 for state
14 restricted contingency funds. These funds are not available for
15 expenditure until they have been transferred to another line item
16 in this article under section 393(2) of the management and budget
17 act, 1984 PA 431, MCL 18.1393.

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

24 (4) In addition to the funds appropriated in part 1, there is
25 appropriated an amount not to exceed \$20,000,000.00 for private
26 contingency funds. These funds are not available for expenditure
27 until they have been transferred to another line item in this

1 article under section 393(2) of the management and budget act, 1984
2 PA 431, MCL 18.1393.

3 Sec. 208. Unless otherwise specified, the departments shall
4 use the Internet to fulfill the reporting requirements of this
5 article. This requirement may include transmission of reports via
6 electronic mail to the recipients identified for each reporting
7 requirement, or it may include placement of reports on the Internet
8 or Intranet site.

9 Sec. 209. Funds appropriated in part 1 shall not be used for
10 the purchase of foreign goods or services, or both, if
11 competitively priced and of comparable quality American goods or
12 services, or both, are available. Preference shall be given to
13 goods or services, or both, manufactured or provided by Michigan
14 businesses if they are competitively priced and of comparable
15 quality. In addition, preference shall be given to goods or
16 services, or both, that are manufactured or provided by Michigan
17 businesses owned and operated by veterans if they are competitively
18 priced and of comparable quality.

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

25 Sec. 211. If the revenue collected by the department from fees
26 and collections exceeds the amount appropriated in part 1, the
27 revenue may be carried forward with the approval of the state

1 budget director into the subsequent fiscal year. The revenue
2 carried forward under this section shall be used as the first
3 source of funds in the subsequent fiscal year.

4 Sec. 212. (1) On or before February 1 of the current fiscal
5 year, the department shall report to the house and senate
6 appropriations subcommittees on community health, the house and
7 senate fiscal agencies, and the state budget director on the
8 detailed name and amounts of federal, restricted, private, and
9 local sources of revenue that support the appropriations in each of
10 the line items in part 1.

11 (2) Upon the release of the next fiscal year executive budget
12 recommendation, the department shall report to the same parties in
13 subsection (1) on the amounts and detailed sources of federal,
14 restricted, private, and local revenue proposed to support the
15 total funds appropriated in each of the line items in part 1 of the
16 next fiscal year executive budget proposal.

17 Sec. 213. The state departments, agencies, and commissions
18 receiving tobacco tax funds and healthy Michigan funds from part 1
19 shall report by April 1 of the current fiscal year to the senate
20 and house appropriations committees, the senate and house fiscal
21 agencies, and the state budget director on the following:

22 (a) Detailed spending plan by appropriation line item
23 including description of programs and a summary of organizations
24 receiving these funds.

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

27 (c) Eligibility criteria for program participation and maximum

1 benefit levels where applicable.

2 (d) Outcome measures used to evaluate programs, including
3 measures of the effectiveness of these programs in improving the
4 health of Michigan residents.

5 (e) Any other information considered necessary by the house of
6 representatives or senate appropriations committees or the state
7 budget director.

8 Sec. 215. (1) The department shall report to the house and
9 senate appropriations subcommittees on the budget for the
10 department, the joint committee on administrative rules, and the
11 senate and house fiscal agencies by no later than April 1 of the
12 current fiscal year on each specific policy change made by the
13 department to implement a public act affecting that department that
14 took effect during the preceding calendar year.

15 (2) Funds appropriated in part 1 shall not be used by the
16 department to adopt a rule that will apply to a small business and
17 that will have a disproportionate economic impact on small
18 businesses because of the size of those businesses if the
19 department fails to reduce the disproportionate economic impact of
20 the rule on small businesses as provided under section 40 of the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

22 (3) As used in this section:

23 (a) "Rule" means that term as defined under section 7 of the
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

25 (b) "Small business" means that term as defined under section
26 7a of the administrative procedures act of 1969, 1969 PA 306, MCL
27 24.207a.

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

7 (2) The department's ability to satisfy appropriation
8 deductions in part 1 shall not be limited to collections and
9 accruals pertaining to services provided in the current fiscal
10 year, but shall also include reimbursements, refunds, adjustments,
11 and settlements from prior years.

12 Sec. 218. The department shall include the following in its
13 annual list of proposed basic health services as required in part
14 23 of the public health code, 1978 PA 368, MCL 333.2301 to
15 333.2321:

16 (a) Immunizations.

17 (b) Communicable disease control.

18 (c) Sexually transmitted disease control.

19 (d) Tuberculosis control.

20 (e) Prevention of gonorrhea eye infection in newborns.

21 (f) Screening newborns for the conditions listed in section
22 5431 of the public health code, 1978 PA 368, MCL 333.5431, or
23 recommended by the newborn screening quality assurance advisory
24 committee created under section 5430 of the public health code,
25 1978 PA 368, MCL 333.5430.

26 (g) Community health annex of the Michigan emergency
27 management plan.

1 (h) Prenatal care.

2 Sec. 219. (1) The department may contract with the Michigan
3 public health institute for the design and implementation of
4 projects and for other public health-related activities prescribed
5 in section 2611 of the public health code, 1978 PA 368, MCL
6 333.2611. The department may develop a master agreement with the
7 institute to carry out these purposes for up to a 3-year period.
8 The department shall report to the house and senate appropriations
9 subcommittees on community health, the house and senate fiscal
10 agencies, and the state budget director on or before January 1 of
11 the current fiscal year all of the following:

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

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

16 (c) The expected project duration.

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

20 (2) On or before September 30 of the current fiscal year, the
21 department shall provide to the same parties listed in subsection
22 (1) a copy of all reports, studies, and publications produced by
23 the Michigan public health institute, its subcontractors, or the
24 department with the funds appropriated in part 1 and allocated to
25 the Michigan public health institute.

26 Sec. 223. The department may establish and collect fees for
27 publications, videos and related materials, conferences, and

1 workshops. Collected fees shall be used to offset expenditures to
2 pay for printing and mailing costs of the publications, videos and
3 related materials, and costs of the workshops and conferences. The
4 department shall not collect fees under this section that exceed
5 the cost of the expenditures.

6 Sec. 264. (1) Upon submission of a Medicaid waiver, a Medicaid
7 state plan amendment, or a similar proposal to the centers for
8 Medicare and Medicaid services, the department shall notify the
9 house and senate appropriations subcommittees on community health
10 and the house and senate fiscal agencies of the submission.

11 (2) The department shall provide written or verbal biannual
12 reports to the senate and house appropriations subcommittees on
13 community health and the senate and house fiscal agencies
14 summarizing the status of any new or ongoing discussions with the
15 centers for Medicare and Medicaid services or the federal
16 department of health and human services regarding potential or
17 future Medicaid waiver applications.

18 (3) The department shall inform the senate and house
19 appropriations subcommittees on community health and the senate and
20 house fiscal agencies of any alterations or adjustments made to the
21 published plan for integrated care for individuals who are dual
22 Medicare/Medicaid eligibles when the final version of the plan has
23 been submitted to the federal centers for Medicare and Medicaid
24 services or the federal department of health and human services.

25 (4) At least 30 days before implementation of the plan for
26 integrated care for individuals who are dual Medicare/Medicaid
27 eligibles, the department shall submit the plan to the legislature

1 for review.

2 Sec. 265. The department and agencies receiving appropriations
3 in part 1 shall receive and retain copies of all reports funded
4 from appropriations in part 1. Federal and state guidelines for
5 short-term and long-term retention of records shall be followed.
6 The department may electronically retain copies of reports unless
7 otherwise required by federal and state guidelines.

8 Sec. 266. (1) Due to the current budgetary problems in this
9 state, out-of-state travel for the fiscal year ending September 30,
10 2012 shall be limited to situations in which 1 or more of the
11 following conditions apply:

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

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

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

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

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

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

26 (2) If out-of-state travel is necessary but does not meet 1 or
27 more of the conditions in subsection (1), the state budget director

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

5 Sec. 267. The department shall not take disciplinary action
6 against an employee for communicating with a member of the
7 legislature or his or her staff.

8 Sec. 270. Within 180 days after receipt of the notification
9 from the attorney general's office of a legal action in which
10 expenses had been recovered pursuant to section 106(4) of the
11 social welfare act, 1939 PA 280, MCL 400.106, or any other statute
12 under which the department has the right to recover expenses, the
13 department shall submit a written report to the house and senate
14 appropriations subcommittees on community health, the house and
15 senate fiscal agencies, and the state budget office which includes,
16 at a minimum, all of the following:

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

18 (b) The program or service for which the money was originally
19 expended.

20 (c) Details on the disposition of the funds recovered such as
21 the appropriation or revenue account in which the money was
22 deposited.

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

24 Sec. 276. Funds appropriated in part 1 shall not be used by a
25 principal executive department, state agency, or authority to hire
26 a person to provide legal services that are the responsibility of
27 the attorney general. This prohibition does not apply to legal

1 services for bonding activities and for those outside services that
2 the attorney general authorizes.

3 Sec. 282. (1) The department, through its organizational units
4 responsible for departmental administration, operation, and
5 finance, shall establish uniform definitions, standards, and
6 instructions for the classification, allocation, assignment,
7 calculation, recording, and reporting of administrative costs by
8 the following entities:

9 (a) Coordinating agencies on substance abuse and the Salvation
10 Army harbor light program that receive payment or reimbursement
11 from funds appropriated under section 104.

12 (b) Area agencies on aging and local providers that receive
13 payment or reimbursement from funds appropriated under section 117.

14 (2) By May 15 of the current fiscal year, the department shall
15 provide a written draft of its proposed definitions, standards, and
16 instructions to the house of representatives and senate
17 appropriations subcommittees on community health, the house and
18 senate fiscal agencies, and the state budget director.

19 Sec. 287. Not later than November 30, 2012, the department
20 shall prepare and transmit a report that provides for estimates of
21 the total general fund/general purpose appropriation lapses at the
22 close of the previous fiscal year. This report shall summarize the
23 projected year-end general fund/general purpose appropriation
24 lapses by major departmental program or program areas. The report
25 shall be transmitted to the office of the state budget, the
26 chairpersons of the senate and house of representatives standing
27 appropriations committees, and the senate and house fiscal

1 agencies.

2 Sec. 292. The department shall maintain a searchable website
3 accessible by the public at no cost that includes, but is not
4 limited to, all of the following:

5 (a) Fiscal year-to-date expenditures by category.

6 (b) Fiscal year-to-date expenditures by appropriation unit.

7 (c) Fiscal year-to-date payments to a selected vendor,
8 including the vendor name, payment date, payment amount, and
9 payment description.

10 (d) The number of active department employees by job
11 classification.

12 (e) Job specifications and wage rates.

13 Sec. 295. The department shall explore program and other
14 service areas, including eligibility determination, where
15 privatization may lead to increased efficiencies and budgetary
16 savings.

17 Sec. 296. Within 14 days after the release of the executive
18 budget recommendation, the department shall provide the state
19 budget director, the senate and house appropriations chairs, the
20 senate and house appropriations subcommittees on community health,
21 respectively, and the senate and house fiscal agencies with an
22 annual report on estimated state restricted fund balances, state
23 restricted fund projected revenues, and state restricted fund
24 expenditures for the fiscal years ending September 30, 2011 and
25 September 30, 2012.

26 **BEHAVIORAL HEALTH SERVICES**

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

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

7 (b) A complete array of mental health services that includes,
8 but is not limited to, all of the following services: residential
9 and other individualized living arrangements, outpatient services,
10 acute inpatient services, and long-term, 24-hour inpatient care in
11 a structured, secure environment.

12 (c) The coordination of inpatient and outpatient hospital
13 services through agreements with state-operated psychiatric
14 hospitals, units, and centers in facilities owned or leased by the
15 state, and privately-owned hospitals, units, and centers licensed
16 by the state pursuant to sections 134 through 149b of the mental
17 health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

18 (d) Individualized plans of service that are sufficient to
19 meet the needs of individuals, including those discharged from
20 psychiatric hospitals or centers, and that ensure the full range of
21 recipient needs is addressed through the CMHSP's or PIHP's program
22 or through assistance with locating and obtaining services to meet
23 these needs.

24 (e) A system of case management or care management to monitor
25 and ensure the provision of services consistent with the
26 individualized plan of services or supports.

27 (f) A system of continuous quality improvement.

1 (g) A system to monitor and evaluate the mental health
2 services provided.

3 (h) A system that serves at-risk and delinquent youth as
4 required under the provisions of the mental health code, 1974 PA
5 258, MCL 330.1001 to 330.2106.

6 Sec. 402. (1) From funds appropriated in part 1, final
7 authorizations to CMHSPs or PIHPs shall be made upon the execution
8 of contracts between the department and CMHSPs or PIHPs. The
9 contracts shall contain an approved plan and budget as well as
10 policies and procedures governing the obligations and
11 responsibilities of both parties to the contracts. Each contract
12 with a CMHSP or PIHP that the department is authorized to enter
13 into under this subsection shall include a provision that the
14 contract is not valid unless the total dollar obligation for all of
15 the contracts between the department and the CMHSPs or PIHPs
16 entered into under this subsection for the current fiscal year does
17 not exceed the amount of money appropriated in part 1 for the
18 contracts authorized under this subsection.

19 (2) The department shall immediately report to the senate and
20 house appropriations subcommittees on community health, the senate
21 and house fiscal agencies, and the state budget director if either
22 of the following occurs:

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

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

27 (3) The report required by subsection (2) shall include

1 information about the changes and their effects on rates and
2 expenditures.

3 Sec. 403. (1) From the funds appropriated in part 1 for mental
4 health services for special populations, the department shall
5 ensure that CMHSPs or PIHPs meet with multicultural service
6 providers to develop a workable framework for contracting, service
7 delivery, and reimbursement.

8 (2) Funds appropriated in part 1 for mental health services
9 for special populations shall not be utilized for services provided
10 to illegal immigrants, fugitive felons, and individuals who are not
11 residents of this state. The department shall maintain contracts
12 with recipients of multicultural services grants that mandate
13 grantees establish that recipients of services are legally residing
14 in the United States. An exception to the contractual provision
15 shall be allowed to address individuals presenting with emergent
16 mental health conditions.

17 (3) The department shall require an annual report from the
18 independent organizations that receive mental health services for
19 special populations funding. The annual report, due January 1 of
20 the current fiscal year, shall include specific information on
21 services and programs provided, the client base to which the
22 services and programs were provided, information on any wraparound
23 services provided, and the expenditures for those services. The
24 department shall provide the annual reports to the senate and house
25 appropriations subcommittees on community health and the senate and
26 house fiscal agencies.

27 Sec. 404. (1) Not later than May 31 of the current fiscal

1 year, the department shall provide a report on the community mental
2 health services programs to the members of the house and senate
3 appropriations subcommittees on community health, the house and
4 senate fiscal agencies, and the state budget director that includes
5 the information required by this section.

6 (2) The report shall contain information for each CMHSP or
7 PIHP and a statewide summary, each of which shall include at least
8 the following information:

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

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

13 (c) Financial information that, minimally, includes a
14 description of funding authorized; expenditures by client group and
15 fund source; and cost information by service category, including
16 administration. Service category includes all department-approved
17 services.

18 (d) Data describing service outcomes that includes, but is not
19 limited to, an evaluation of consumer satisfaction, consumer
20 choice, and quality of life concerns including, but not limited to,
21 housing and employment.

22 (e) Information about access to community mental health
23 services programs that includes, but is not limited to, the
24 following:

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

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

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

3 (g) An analysis of information provided by CMHSPs in response
4 to the needs assessment requirements of the mental health code,
5 1974 PA 258, MCL 330.1001 to 330.2106, including information about
6 the number of individuals in the service delivery system who have
7 requested and are clinically appropriate for different services.

8 (h) Lapses and carryforwards during the immediately preceding
9 fiscal year for CMHSPs or PIHPs.

10 (i) Information about contracts for mental health services
11 entered into by CMHSPs or PIHPs with providers, including, but not
12 limited to, all of the following:

13 (i) The amount of the contract, organized by type of service
14 provided.

15 (ii) Payment rates, organized by the type of service provided.

16 (iii) Administrative costs for services provided to CMHSPs or
17 PIHPs.

18 (j) Information on the community mental health Medicaid
19 managed care program, including, but not limited to, both of the
20 following:

21 (i) Expenditures by each CMHSP or PIHP organized by Medicaid
22 eligibility group, including per eligible individual expenditure
23 averages.

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

26 (k) An estimate of the number of direct care workers in local
27 residential settings and paraprofessional and other nonprofessional

1 direct care workers in settings where skill building, community
2 living supports and training, and personal care services are
3 provided by CMHSPs or PIHPs as of September 30 of the prior fiscal
4 year employed directly or through contracts with provider
5 organizations.

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

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

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

18 (2) The department shall approve coordinating agency fee
19 schedules for providing substance abuse services and charge
20 participants in accordance with their ability to pay.

21 (3) It is the intent of the legislature that the coordinating
22 agencies continue current efforts to collaborate on the delivery of
23 services to those clients with mental illness and substance abuse
24 diagnoses.

25 (4) Coordinating agencies that are located completely within
26 the boundary of a PIHP shall conduct a study of the administrative
27 costs and efficiencies associated with consolidation with that

1 PIHP. If that coordinating agency realizes an administrative cost
2 savings of 5% or greater of their current costs, then that
3 coordinating agency shall initiate discussions regarding a
4 potential merger in accordance with section 6226 of the public
5 health code, 1978 PA 368, MCL 333.6226. The department shall report
6 to the legislature by April 1 of the current fiscal year on any
7 such discussions.

8 Sec. 408. (1) By April 1 of the current fiscal year, the
9 department shall report the following data from the prior fiscal
10 year on substance abuse prevention, education, and treatment
11 programs to the senate and house appropriations subcommittees on
12 community health, the senate and house fiscal agencies, and the
13 state budget office:

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

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

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

25 (d) Collections from other first- or third-party payers,
26 private donations, or other state or local programs, by
27 coordinating agency, by subcontractor, by population served, and by

1 service type.

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

5 Sec. 410. The department shall assure that substance abuse
6 treatment is provided to applicants and recipients of public
7 assistance through the department of human services who are
8 required to obtain substance abuse treatment as a condition of
9 eligibility for public assistance.

10 Sec. 411. (1) The department shall ensure that each contract
11 with a CMHSP or PIHP requires the CMHSP or PIHP to implement
12 programs to encourage diversion of individuals with serious mental
13 illness, serious emotional disturbance, or developmental disability
14 from possible jail incarceration when appropriate.

15 (2) Each CMHSP or PIHP shall have jail diversion services and
16 shall work toward establishing working relationships with
17 representative staff of local law enforcement agencies, including
18 county prosecutors' offices, county sheriffs' offices, county
19 jails, municipal police agencies, municipal detention facilities,
20 and the courts. Written interagency agreements describing what
21 services each participating agency is prepared to commit to the
22 local jail diversion effort and the procedures to be used by local
23 law enforcement agencies to access mental health jail diversion
24 services are strongly encouraged.

25 Sec. 412. The department shall contract directly with the
26 Salvation Army harbor light program to provide non-Medicaid
27 substance abuse services.

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

11 Sec. 424. Each PIHP that contracts with the department to
12 provide services to the Medicaid population shall adhere to the
13 following timely claims processing and payment procedure for claims
14 submitted by health professionals and facilities:

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

20 (b) A PIHP shall state in writing to the health professional
21 or facility any defect in the claim within 30 days after receipt of
22 the claim.

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

27 Sec. 428. Each PIHP shall provide, from internal resources,

1 local funds to be used as a bona fide part of the state match
2 required under the Medicaid program in order to increase capitation
3 rates for PIHPs. These funds shall not include either state funds
4 received by a CMHSP for services provided to non-Medicaid
5 recipients or the state matching portion of the Medicaid capitation
6 payments made to a PIHP.

7 Sec. 435. A county required under the provisions of the mental
8 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
9 matching funds to a CMHSP for mental health services rendered to
10 residents in its jurisdiction shall pay the matching funds in equal
11 installments on not less than a quarterly basis throughout the
12 fiscal year, with the first payment being made by October 1 of the
13 current fiscal year.

14 Sec. 458. By April 15 of the current fiscal year, the
15 department shall provide each of the following to the house and
16 senate appropriations subcommittees on community health, the house
17 and senate fiscal agencies, and the state budget director:

18 (a) An updated plan for implementing each of the
19 recommendations of the Michigan mental health commission made in
20 the commission's report dated October 15, 2004.

21 (b) A report that evaluates the cost-benefit of establishing
22 secure residential facilities of fewer than 17 beds for adults with
23 serious mental illness, modeled after such programming in Oregon or
24 other states. This report shall examine the potential impact that
25 utilization of secure residential facilities would have upon the
26 state's need for adult mental health facilities.

27 (c) In conjunction with the state court administrator's

1 office, a report that evaluates the cost-benefit of establishing a
2 specialized mental health court program that diverts adults with
3 serious mental illness alleged to have committed an offense deemed
4 nonserious into treatment prior to the filing of any charges.

5 Sec. 462. The department shall further implement the funding
6 formula that was partially implemented during fiscal year 2009-2010
7 under the condition that no CMHSP shall see a funding increase or a
8 funding reduction in excess of 2%.

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

22 (a) The department provides funding for the administrative
23 costs incurred by coordinating agencies incorporating into
24 community mental health authorities. The department shall not
25 provide more than \$75,000.00 to any coordinating agency for
26 administrative costs.

27 (b) The accommodations or adjustments favor coordinating

1 agencies who voluntarily elect to integrate with local community
2 mental health authorities.

3 (c) The accommodations or adjustments do not negatively affect
4 other coordinating agencies.

5 Sec. 470. (1) For those substance abuse coordinating agencies
6 that have voluntarily incorporated into community mental health
7 authorities and accepted funding from the department for
8 administrative costs incurred pursuant to section 468, the
9 department shall establish written expectations for those CMHSPs,
10 PIHPs, and substance abuse coordinating agencies and counties with
11 respect to the integration of mental health and substance abuse
12 services. At a minimum, the written expectations shall provide for
13 the integration of those services as follows:

14 (a) Coordination and consolidation of administrative functions
15 and redirection of efficiencies into service enhancements.

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

18 (c) Alignment of coordinating agencies and PIHPs boundaries to
19 maximize opportunities for collaboration and integration of
20 administrative functions and clinical activities.

21 (2) By May 1 of the current fiscal year, the department shall
22 report to the house and senate appropriations subcommittees on
23 community health, the house and senate fiscal agencies, and the
24 state budget office on the impact and effectiveness of this section
25 and the status of the integration of mental health and substance
26 abuse services.

27 Sec. 474. The department shall ensure that each contract with

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

8 Sec. 490. (1) The department shall continue a workgroup to
9 develop a plan to maximize uniformity and consistency in the
10 standards required of providers contracting directly with PIHPs,
11 CMHSPs, and substance abuse coordinating agencies. These standards
12 shall apply to community living supports, personal care services,
13 substance abuse services, skill-building services, and other
14 similar supports and services providers who contract with PIHPs,
15 CMHSPs, and substance abuse coordinating agencies or their
16 contractors.

17 (2) The workgroup shall include representatives of the
18 department, PIHPs, CMHSPs, substance abuse coordinating agencies,
19 and affected providers. The standards shall include, but are not
20 limited to, contract language, training requirements for direct
21 support staff, performance indicators, financial and program
22 audits, and billing procedures.

23 (3) The department shall provide a status report on the
24 workgroup's efforts to the senate and house appropriations
25 subcommittees on community health, the senate and house fiscal
26 agencies, and the state budget director by June 1 of the current
27 fiscal year.

1 Sec. 491. The department shall explore changes in program
2 policy in the habilitation supports waiver for persons with
3 developmental disabilities that would permit the movement of a slot
4 that has become available to a county that has demonstrated a
5 greater need for the services.

6 Sec. 492. If a CMHSP has entered into an agreement with a
7 county or county sheriff to provide mental health services to the
8 inmates of the county jail, the department shall not prohibit the
9 use of state general fund/general purpose dollars by CMHSPs to
10 provide mental health services to inmates of a county jail.

11 Sec. 494. (1) In order to avoid duplication of efforts, the
12 department shall utilize applicable national accreditation review
13 criteria to determine compliance with corresponding state
14 requirements for CMHSPs, PIHPs, or subcontracting provider agencies
15 that have been reviewed and accredited by a national accrediting
16 entity for behavioral health care services.

17 (2) Upon a coordinated submission by the CMHSPs, PIHPs, or
18 subcontracting provider agencies, a listing of program requirements
19 that are part of the state program review criteria but are not
20 reviewed by an applicable national accrediting entity, the
21 department shall review the listing and provide a recommendation to
22 the house and senate appropriations subcommittees on community
23 health, the house and senate fiscal agencies, and the state budget
24 office as to whether or not state program review should continue.
25 The CMHSPs, PIHPs, or subcontracting agencies may request the
26 department to convene a workgroup to fulfill this section.

27 (3) The department shall continue to comply with state and

1 federal law and shall not initiate an action that negatively
2 impacts beneficiary safety.

3 (4) As used in this section, "national accrediting entity"
4 means the joint commission on accreditation of healthcare
5 organizations, the commission on accreditation of rehabilitation
6 facilities, the council of accreditation, or other appropriate
7 entity, as approved by the department.

8 (5) By July 1 of the current fiscal year, the department shall
9 provide a progress report to the house and senate appropriations
10 subcommittees on community health, the house and senate fiscal
11 agencies, and the state budget office on implementation of this
12 section.

13 Sec. 495. It is the intent of the legislature that the
14 department begin working with the centers for Medicare and Medicaid
15 services to develop a program that creates a medical home for the
16 individuals receiving Medicaid mental health benefits.

17 Sec. 496. CMHSPs and PIHPs are permitted to offset state
18 funding reductions by limiting the administrative component of
19 their contracts with providers and case management to a maximum of
20 9%.

21 Sec. 497. The population data used in determining the
22 distribution of substance abuse block grant funds shall be from the
23 most recent federal census.

24 Sec. 499. The department shall explore ways to use mental
25 health funding to create a statewide system to address the mental
26 health needs of deaf and hard-of-hearing persons. The department
27 shall report to the senate and house appropriations subcommittees

1 on community health on the results of this process by March 1 of
2 the current fiscal year.

3 **STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES**

4 Sec. 601. The department shall continue a revenue recapture
5 project to generate additional revenues from third parties related
6 to cases that have been closed or are inactive. A portion of
7 revenues collected through project efforts may be used for
8 departmental costs and contractual fees associated with these
9 retroactive collections and to improve ongoing departmental
10 reimbursement management functions.

11 Sec. 602. The purpose of gifts and bequests for patient living
12 and treatment environments is to use additional private funds to
13 provide specific enhancements for individuals residing at state-
14 operated facilities. Use of the gifts and bequests shall be
15 consistent with the stipulation of the donor. The expected
16 completion date for the use of gifts and bequests donations is
17 within 3 years unless otherwise stipulated by the donor.

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

24 (2) All closures or consolidations are dependent upon adequate
25 department-approved CMHSP and PIHP plans that include a discharge
26 and aftercare plan for each individual currently in the facility. A

1 discharge and aftercare plan shall address the individual's housing
2 needs. A homeless shelter or similar temporary shelter arrangements
3 are inadequate to meet the individual's housing needs.

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

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

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

23 Sec. 608. Effective October 1, 2012, the department, in
24 consultation with the department of technology, management, and
25 budget, may maintain a bid process to identify 1 or more private
26 contractors to provide food service and custodial services for the
27 administrative areas at any state hospital identified by the

1 department as capable of generating savings through the outsourcing
2 of such services.

3 **PUBLIC HEALTH ADMINISTRATION**

4 Sec. 650. The department shall report to the senate and house
5 appropriations subcommittees on community health by April 1 of the
6 current fiscal year on its criteria and methodology used to derive
7 the information provided to residents in the annual Michigan fish
8 advisory.

9 Sec. 653. The department shall maintain plans to address
10 potential state public health emergencies.

11 **HEALTH POLICY**

12 Sec. 704. The department shall continue to contract with
13 grantees supported through the appropriation in part 1 for the
14 emergency medical services grants and contracts to ensure that a
15 sufficient number of qualified emergency medical services personnel
16 exist to serve rural areas of the state.

17 Sec. 709. (1) The funds appropriated in part 1 for the
18 Michigan essential health care provider program may also provide
19 loan repayment for dentists that fit the criteria established by
20 part 27 of the public health code, 1978 PA 368, MCL 333.2701 to
21 333.2727.

22 (2) From the funds appropriated in part 1 for the Michigan
23 essential health provider program, the department may reduce the
24 local and private share of the loan repayment costs to 25% for
25 obstetricians and gynecologists working in underserved areas.

1 Sec. 712. From the funds appropriated in part 1 for primary
2 care services, \$250,000.00 shall be allocated to free health
3 clinics operating in the state. The department shall distribute the
4 funds equally to each free health clinic. For the purpose of this
5 appropriation, "free health clinics" means nonprofit organizations
6 that use volunteer health professionals to provide care to
7 uninsured individuals.

8 Sec. 713. The department shall continue support of
9 multicultural agencies that provide primary care services from the
10 funds appropriated in part 1.

11 LOCAL HEALTH ADMINISTRATION AND GRANTS

12 Sec. 901. The amount appropriated in part 1 for implementation
13 of the 1993 additions of or amendments to sections 9161, 16221,
14 16226, 17014, 17015, and 17515 of the public health code, 1978 PA
15 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and
16 333.17515, shall be used to reimburse local health departments for
17 costs incurred related to implementation of section 17015(18) of
18 the public health code, 1978 PA 368, MCL 333.17015.

19 Sec. 902. If a county that has participated in a district
20 health department or an associated arrangement with other local
21 health departments takes action to cease to participate in such an
22 arrangement after October 1 of the current fiscal year, the
23 department shall have the authority to assess a penalty from the
24 local health department's operational accounts in an amount equal
25 to no more than 6.25% of the local health department's essential
26 local public health services funding. This penalty shall only be

1 assessed to the local county that requests the dissolution of the
2 health department.

3 Sec. 904. (1) Funds appropriated in part 1 for essential local
4 public health services shall be prospectively allocated to local
5 health departments to support immunizations, infectious disease
6 control, sexually transmitted disease control and prevention,
7 hearing screening, vision services, food protection, public water
8 supply, private groundwater supply, and on-site sewage management.
9 Food protection shall be provided in consultation with the
10 department of agriculture and rural development. Public water
11 supply, private groundwater supply, and on-site sewage management
12 shall be provided in consultation with the department of
13 environmental quality.

14 (2) Local public health departments shall be held to
15 contractual standards for the services in subsection (1).

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

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

21 Sec. 1004. It is the intent of the legislature that the
22 department continue to collaborate with the county of St. Clair and
23 the city of Detroit southwest community to investigate and evaluate
24 cancer rates.

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

1 Sec. 1103. Beginning January 3, 2013, the department shall
2 annually issue to the legislature, and to the public on the
3 Internet, a report providing estimated public funds administered by
4 the department for family planning, sexually transmitted infection
5 prevention and treatment, and pregnancies and births, as well as
6 demographics collected by the department as self-reported by
7 individuals utilizing those services. The department shall provide
8 the actual expenditures by marital status or, where actual
9 expenditures are not available, shall provide estimated
10 expenditures by marital status. The department may utilize the Plan
11 First application (Form MSA 1582), MICHild, and Healthy Kids
12 application (DCH 0373) or Assistance Application (DHS 1171) or any
13 other official application for public assistance for medical
14 coverage to determine the actual or estimated public expenditures
15 based on marital status.

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

24 (a) Funding allocations.

25 (b) Actual number of women, children, and adolescents served
26 and amounts expended for each group for the immediately preceding
27 fiscal year.

1 (c) A breakdown of the expenditure of these funds between
2 urban and rural communities.

3 (2) The department shall ensure that the distribution of funds
4 through the programs described in subsection (1) takes into account
5 the needs of rural communities.

6 (3) For the purposes of this section, "rural" means a county,
7 city, village, or township with a population of 30,000 or less,
8 including those entities if located within a metropolitan
9 statistical area.

10 Sec. 1106. Each family planning program receiving federal
11 title X family planning funds under 42 USC 300 to 300a-8 shall be
12 in compliance with all performance and quality assurance indicators
13 that the office of family planning within the United States
14 department of health and human services specifies in the family
15 planning annual report. An agency not in compliance with the
16 indicators shall not receive supplemental or reallocated funds.

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

20 Sec. 1109. (1) From the amounts appropriated in part 1 for
21 dental programs, funds shall be allocated to the Michigan dental
22 association for the administration of a volunteer dental program
23 that provides dental services to the uninsured.

24 (2) Not later than December 1 of the current fiscal year, the
25 department shall report to the senate and house appropriations
26 subcommittees on community health and the senate and house standing
27 committees on health policy the number of individual patients

1 treated, number of procedures performed, and approximate total
2 market value of those procedures from the immediately preceding
3 fiscal year.

4 Sec. 1117. Contingent upon the availability of federal or
5 state restricted funds, the department may pursue efforts to reduce
6 the incidence of stillbirth. Efforts shall include the
7 establishment of a program to increase public awareness of
8 stillbirth, promote education to monitor fetal movements counting
9 kicks, promote a uniform definition of stillbirth, standardize data
10 collection of stillbirths, and collaborate with appropriate federal
11 agencies and statewide organizations. The department shall seek
12 federal or other grant funds to assist in implementing this
13 program.

14 Sec. 1119. From the funds appropriated in part 1 for family
15 planning local agreements or pregnancy prevention programs, no
16 state funds shall be used to encourage or support abortion
17 services.

18 Sec. 1133. The department shall release infant mortality rate
19 data to all local public health departments 72 hours or more before
20 releasing infant mortality rate data to the public.

21 Sec. 1135. (1) If funds become available, provision of the
22 school health education curriculum, such as the Michigan model for
23 health or another comprehensive school health education curriculum,
24 shall be in accordance with the health education goals established
25 by the Michigan model steering committee. The steering committee
26 shall be composed of a representative from each of the following
27 offices and departments:

1 (a) The department of education.

2 (b) The department of community health.

3 (c) The health administration in the department of community
4 health.

5 (d) The mental health and substance abuse administration in
6 the department of community health.

7 (e) The department of human services.

8 (f) The department of state police.

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

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

20 Sec. 1153. The department shall ensure that individuals
21 residing in rural communities have sufficient access to the
22 services offered through the WIC program.

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

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

25 (a) Provide special formula for eligible clients with

1 specified metabolic and allergic disorders.

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

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

7 (d) Provide human growth hormone to eligible patients.

8 (e) Subject to the availability of funds and the enactment of
9 Senate Bill No. 414 and Senate Bill No. 415 of the 96th
10 Legislature, cover services for those with autism spectrum
11 disorders.

12 **CRIME VICTIM SERVICES COMMISSION**

13 Sec. 1302. From the funds appropriated in part 1 for justice
14 assistance grants, up to \$200,000.00 shall be allocated for
15 expansion of forensic nurse examiner programs to facilitate
16 training for improved evidence collection for the prosecution of
17 sexual assault. The funds shall be used for program coordination
18 and training.

19 **OFFICE OF SERVICES TO THE AGING**

20 Sec. 1403. (1) The office of services to the aging shall
21 require each region to report to the office of services to the
22 aging and to the legislature home-delivered meals waiting lists
23 based upon standard criteria. Determining criteria shall include
24 all of the following:

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

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

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

4 (d) Any other qualifications normally necessary for the
5 recipient to receive home-delivered meals.

6 (2) Data required in subsection (1) shall be recorded only for
7 individuals who have applied for participation in the home-
8 delivered meals program and who are initially determined as likely
9 to be eligible for home-delivered meals.

10 Sec. 1417. The department shall provide to the senate and
11 house appropriations subcommittees on community health, senate and
12 house fiscal agencies, and state budget director a report by March
13 30 of the current fiscal year that contains all of the following:

14 (a) The total allocation of state resources made to each area
15 agency on aging by individual program and administration.

16 (b) Detail expenditure by each area agency on aging by
17 individual program and administration including both state-funded
18 resources and locally-funded resources.

19 Sec. 1420. If funds become available, the department shall
20 create a pilot project to establish an aging care management
21 services program with services provided solely by nurses. This
22 pilot project shall be established in a county with a population
23 greater than 150,000 but less than 250,000.

24 **MEDICAL SERVICES ADMINISTRATION**

25 Sec. 1501. The unexpended funds appropriated in part 1 for the
26 electronic health records incentive program are considered work

1 project appropriations, and any unencumbered or unallotted funds
2 are carried forward into the following fiscal year. The following
3 is in compliance with section 451a(1) of the management and budget
4 act, 1984 PA 431, MCL 18.1451a:

5 (a) The purpose of the project to be carried forward is to
6 implement the Medicaid electronic health record program that
7 provides financial incentive payments to Medicaid health care
8 providers to encourage the adoption and meaningful use of
9 electronic health records to improve quality, increase efficiency,
10 and promote safety.

11 (b) The projects will be accomplished according to the
12 approved federal advanced planning document.

13 (c) The estimated cost of this project phase is identified in
14 the appropriation line item.

15 (d) The tentative completion date of the work project is
16 September 30, 2017.

17 **MEDICAL SERVICES**

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

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

26 (2) The department may receive and expend premiums for the

1 buy-in of medical coverage in addition to the amounts appropriated
2 in part 1.

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

5 (4) The department shall modify program policies to permit
6 individuals eligible for the transitional medical assistance plus
7 program, as structured in fiscal year 2009-2010, to access medical
8 assistance coverage through a 100% cost share.

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

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

17 Sec. 1607. (1) An applicant for Medicaid, whose qualifying
18 condition is pregnancy, shall immediately be presumed to be
19 eligible for Medicaid coverage unless the preponderance of evidence
20 in her application indicates otherwise. The applicant who is
21 qualified as described in this subsection shall be allowed to
22 select or remain with the Medicaid participating obstetrician of
23 her choice.

24 (2) An applicant qualified as described in subsection (1)
25 shall be given a letter of authorization to receive Medicaid
26 covered services related to her pregnancy. All qualifying
27 applicants shall be entitled to receive all medically necessary

1 obstetrical and prenatal care without preauthorization from a
2 health plan. All claims submitted for payment for obstetrical and
3 prenatal care shall be paid at the Medicaid fee-for-service rate in
4 the event a contract does not exist between the Medicaid
5 participating obstetrical or prenatal care provider and the managed
6 care plan. The applicant shall receive a listing of Medicaid
7 physicians and managed care plans in the immediate vicinity of the
8 applicant's residence.

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

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

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

24 (6) The department shall mandate enrollment of women, whose
25 qualifying condition is pregnancy, into Medicaid managed care
26 plans.

27 (7) The department shall encourage physicians to provide

1 women, whose qualifying condition for Medicaid is pregnancy, with a
2 referral to a Medicaid participating dentist at the first
3 pregnancy-related appointment.

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

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

23 Sec. 1620. (1) For fee-for-service recipients who do not
24 reside in nursing homes, the pharmaceutical dispensing fee shall be
25 \$2.75 or the pharmacy's usual or customary cash charge, whichever
26 is less. For nursing home residents, the pharmaceutical dispensing
27 fee shall be \$3.00 or the pharmacy's usual or customary cash

1 charge, whichever is less.

2 (2) The department shall require a prescription co-payment for
3 Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a
4 brand-name drug, except as prohibited by federal or state law or
5 regulation.

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

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

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

19 Sec. 1630. (1) Medicaid coverage for adult dental and
20 podiatric services shall continue at not less than the level in
21 effect on October 1, 2002, except that reasonable utilization
22 limitations may be adopted in order to prevent excess utilization.

23 (2) Subject to the availability of funds, Medicaid coverage
24 for adult chiropractic and vision services shall continue at not
25 less than the level in effect on October 1, 2002, except that
26 reasonable utilization limitations may be adopted in order to
27 prevent excess utilization.

1 Sec. 1631. (1) The department shall require co-payments on
2 dental, podiatric, and vision services provided to Medicaid
3 recipients, except as prohibited by federal or state law or
4 regulation.

5 (2) Except as otherwise prohibited by federal or state law or
6 regulations, the department shall require Medicaid recipients to
7 pay the following co-payments:

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

9 (b) Three dollars for a hospital emergency room visit.

10 (c) Fifty dollars for the first day of an inpatient hospital
11 stay.

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

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

17 Sec. 1642. The department shall allow ambulatory surgery
18 centers in this state to fully participate in the Medicaid program.

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

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

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

3 (3) Subsections (1) and (2) do not require an alteration to an
4 existing agreement between an HMO and its contracting hospitals and
5 do not require an HMO to reimburse for services that are not
6 considered to be medically necessary.

7 Sec. 1659. The following sections of this article are the only
8 ones that shall apply to the following Medicaid managed care
9 programs, including the comprehensive plan, MIChoice long-term care
10 plan, and the mental health, substance abuse, and developmentally
11 disabled services program: 404, 411, 418, 428, 474, 494, 1607,
12 1657, 1662, 1689, 1699, 1764, 1787, 1815, 1820, 1835, 1850, and
13 1853.

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

19 (2) The department shall require Medicaid HMOs to provide
20 EPSDT utilization data through the encounter data system, and HEDIS
21 well child health measures in accordance with the national
22 committee for quality assurance prescribed methodology.

23 (3) The department shall provide a copy of the analysis of the
24 Medicaid HMO annual audited HEDIS reports and the annual external
25 quality review report to the senate and house of representatives
26 appropriations subcommittees on community health, the senate and
27 house fiscal agencies, and the state budget director, within 30

1 days of the department's receipt of the final reports from the
2 contractors.

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

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

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

27 (4) To be eligible for the MICHild program, a child must be

1 residing in a family with an adjusted gross income of less than or
2 equal to 200% of the federal poverty level. The department's
3 verification policy shall be used to determine eligibility.

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

9 (a) "Dental care corporation", "health care corporation",
10 "insurer", and "prudent purchaser agreement" mean those terms as
11 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
12 550.52.

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

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

17 (7) The department may make payments on behalf of children
18 enrolled in the MICHild program from the line-item appropriation
19 associated with the program as described in the MICHild state plan
20 approved by the United States department of health and human
21 services, or from other medical services.

22 (8) The department shall assure that an external quality
23 review of each MICHild contractor, as described in subsection (5),
24 is performed, which analyzes and evaluates the aggregated
25 information on quality, timeliness, and access to health care
26 services that the contractor furnished to MICHild beneficiaries.

27 (9) The department shall develop an automatic enrollment

1 algorithm that is based on quality and performance factors.

2 (10) Subject to the availability of funds, MICHild services
3 shall include treatment for autism spectrum disorders for children
4 who are eligible for MICHild and are less than 6 years of age. This
5 subsection shall not take effect unless Senate Bill No. 414 and
6 Senate Bill No. 415 of the 96th Legislature are enacted into law.

7 Sec. 1673. The department may establish premiums for MICHild
8 eligible individuals in families with income above 150% of the
9 federal poverty level. The monthly premiums shall not be less than
10 \$10.00 or exceed \$15.00 for a family.

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

14 (2) In addition to the appropriations in part 1, the
15 department is authorized to receive and spend penalty money
16 received as the result of noncompliance with medical services
17 certification regulations. Penalty money, characterized as private
18 funds, received by the department shall increase authorizations and
19 allotments in the long-term care accounts.

20 (3) The department is authorized to provide civil monetary
21 penalty funds to the disability network/Michigan to be distributed
22 to the 15 centers for independent living for the purpose of
23 assisting individuals with disabilities who reside in nursing homes
24 to return to their own homes.

25 (4) The department is authorized to use civil monetary penalty
26 funds to conduct a survey evaluating consumer satisfaction and the
27 quality of care at nursing homes. Factors can include, but are not

1 limited to, the level of satisfaction of nursing home residents,
2 their families, and employees. The department may use an
3 independent contractor to conduct the survey.

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

6 Sec. 1684. The department shall submit a report by September
7 30 of the current fiscal year to the house and senate
8 appropriations subcommittees on community health, the house and
9 senate fiscal agencies, and the state budget director that will
10 identify by waiver agent, Medicaid home- and community-based
11 services waiver costs by administration, case management, and
12 direct services.

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

23 Sec. 1689. (1) Priority in enrolling additional individuals in
24 the Medicaid home- and community-based services waiver program
25 shall be given to those who are currently residing in nursing homes
26 or who are eligible to be admitted to a nursing home if they are
27 not provided home- and community-based services. The department

1 shall use screening and assessment procedures to assure that no
2 additional Medicaid eligible individuals are admitted to nursing
3 homes who would be more appropriately served by the Medicaid home-
4 and community-based services waiver program. It is the intent of
5 the legislature that when an individual is transferred from a
6 nursing home to the home- and community-based services waiver
7 program, the funding to cover that individual's home- and
8 community-based services waiver program costs shall be transferred
9 from the long-term care services line item to the Medicaid home-
10 and community-based services waiver line item. These funds are not
11 available for expenditure until they have been transferred to
12 another line item in this article under section 393(2) of the
13 management and budget act, 1984 PA 431, MCL 18.1393.

14 (2) Within 60 days of the end of each fiscal year, the
15 department shall provide a report to the senate and house
16 appropriations subcommittees on community health and the senate and
17 house fiscal agencies that details existing and future allocations
18 for the home- and community-based services waiver program by
19 regions as well as the associated expenditures. The report shall
20 include information regarding the net cost savings from moving
21 individuals from a nursing home to the home- and community-based
22 services waiver program, the number of individuals transitioned
23 from nursing homes to the home- and community-based services waiver
24 program, the number of individuals on waiting lists by region for
25 the program, and the amount of funds transferred during the fiscal
26 year. The report shall also include the number of Medicaid
27 individuals served and the number of days of care for the home- and

1 community-based services waiver program and in nursing homes.

2 (3) The department shall develop a system to collect and
3 analyze information regarding individuals on the home- and
4 community-based services waiver program waiting list to identify
5 the community supports they receive, including, but not limited to,
6 adult home help, food assistance, and housing assistance services
7 and to determine the extent to which these community supports help
8 individuals remain in their home and avoid entry into a nursing
9 home. The department shall provide a progress report on
10 implementation to the senate and house appropriations subcommittees
11 on community health and the senate and house fiscal agencies by
12 June 1 of the current fiscal year.

13 (4) The department shall maintain any policies, guidelines,
14 procedures, standards, and regulations in order to limit the self-
15 determination option with respect to the home- and community-based
16 services waiver program to those services furnished by approved
17 home-based service providers meeting provider qualifications
18 established in the waiver and approved by the centers for Medicare
19 and Medicaid services.

20 Sec. 1692. (1) The department is authorized to pursue
21 reimbursement for eligible services provided in Michigan schools
22 from the federal Medicaid program. The department and the state
23 budget director are authorized to negotiate and enter into
24 agreements, together with the department of education, with local
25 and intermediate school districts regarding the sharing of federal
26 Medicaid services funds received for these services. The department
27 is authorized to receive and disburse funds to participating school

1 districts pursuant to such agreements and state and federal law.

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

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

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

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

12 Sec. 1693. The special Medicaid reimbursement appropriation in
13 part 1 may be increased if the department submits a medical
14 services state plan amendment pertaining to this line item at a
15 level higher than the appropriation. The department is authorized
16 to appropriately adjust financing sources in accordance with the
17 increased appropriation.

18 Sec. 1694. (1) The department shall distribute \$1,122,300.00
19 to an academic health care system that includes a children's
20 hospital that has a high indigent care volume.

21 (2) By March 1 of the current fiscal year, the department
22 shall report to the senate and house appropriations subcommittees
23 on community health and the senate and house fiscal agencies on the
24 adequacy of the payment described in subsection (1).

25 Sec. 1699. (1) The department may make separate payments in
26 the amount of \$45,000,000.00 directly to qualifying hospitals
27 serving a disproportionate share of indigent patients and to

1 hospitals providing GME training programs. If direct payment for
2 GME and DSH is made to qualifying hospitals for services to
3 Medicaid clients, hospitals shall not include GME costs or DSH
4 payments in their contracts with HMOs.

5 (2) The department shall allocate \$45,000,000.00 in DSH
6 funding using the distribution methodology used in fiscal year
7 2003-2004.

8 (3) By September 30 of the current fiscal year, the department
9 shall report to the senate and house appropriations subcommittees
10 on community health and the senate and house fiscal agencies on the
11 new distribution of funding to each eligible hospital from the GME
12 and DSH pools.

13 (4) The department shall form a workgroup on DSH funding
14 consisting of representatives from hospitals and hospital systems
15 receiving DSH funding and the Michigan health and hospital
16 association. The workgroup shall work to derive a new DSH formula
17 or formulas designed to provide equitable payments to qualifying
18 hospitals. The department shall report to the senate and house
19 appropriations subcommittees on community health and the senate and
20 house fiscal agencies on the results of the workgroup's efforts by
21 March 1 of the current fiscal year.

22 Sec. 1700. (1) If allowable room exists within the federal
23 disproportionate share hospital allotment and the centers for
24 Medicare and Medicaid services approves the distribution
25 methodology specified in this section, then the funding in the
26 disproportionate share hospital line in excess of \$45,000,000.00 is
27 appropriated for special Medicaid reimbursement, of which 33.61%

1 shall be from general fund/general purpose revenue, in order to
2 increase hospital uncompensated care payments. The distribution of
3 those payments shall be allocated to make payments to hospitals and
4 hospital systems meeting the criteria outlined in subsection (2).

5 (2) Hospitals and hospital systems eligible for payments under
6 subsection (1) shall receive their Medicaid reimbursements via
7 diagnosis related group payments, shall meet the medical services
8 administration disproportionate share hospital requirements for
9 obstetrical services, shall have received less than \$1,800,000.00
10 in disproportionate share hospital payments in fiscal year 2010-
11 2011 from the \$45,000,000.00 disproportionate share hospital pool,
12 and shall have at least 1.0% of the statewide total indigent
13 volume.

14 (3) As used in this section, "indigent volume" means the
15 indigent volume reported by hospitals in their cost reports
16 provided to the department of community health for reporting
17 periods ending during fiscal year 2009-2010.

18 Sec. 1712. (1) Subject to the availability of funds, the
19 department shall implement a rural health initiative. Available
20 funds shall first be allocated as an outpatient adjustor payment to
21 be paid directly to hospitals in rural counties in proportion to
22 each hospital's Medicaid and indigent patient population.
23 Additional funds, if available, shall be allocated for
24 defibrillator grants, emergency medical technician training and
25 support, or other similar programs.

26 (2) Except as otherwise specified in this section, "rural"
27 means a county, city, village, or township with a population of not

1 more than 30,000, including those entities if located within a
2 metropolitan statistical area.

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

15 Sec. 1724. The department shall allow licensed pharmacies to
16 purchase injectable drugs for the treatment of respiratory
17 syncytial virus for shipment to physicians' offices to be
18 administered to specific patients. If the affected patients are
19 Medicaid eligible, the department shall reimburse pharmacies for
20 the dispensing of the injectable drugs and reimburse physicians for
21 the administration of the injectable drugs.

22 Sec. 1741. The department shall continue to provide nursing
23 homes the opportunity to receive interim payments upon their
24 request. The department may disapprove requests or discontinue
25 interim payments that result in financial risk to this state. The
26 department shall make reasonable efforts to ensure that the interim
27 payments are as similar in amount to expected cost-settled

1 payments.

2 Sec. 1756. The department shall develop a plan to expand and
3 improve the beneficiary monitoring program. The department shall
4 submit this plan to the house and senate appropriations
5 subcommittees on community health, the house and senate fiscal
6 agencies, and the state budget director by April 1 of the current
7 fiscal year.

8 Sec. 1757. The department shall direct the department of human
9 services to obtain proof from all Medicaid recipients that they are
10 legal United States citizens or otherwise legally residing in this
11 country and that they are residents of this state before approving
12 Medicaid eligibility.

13 Sec. 1764. The department shall annually certify rates paid to
14 Medicaid health plans as being actuarially sound in accordance with
15 federal requirements and shall provide a copy of the rate
16 certification and approval immediately to the house and senate
17 appropriations subcommittees on community health and the house and
18 senate fiscal agencies.

19 Sec. 1770. In conjunction with the consultation requirements
20 of the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, and
21 except as otherwise provided in this section, the department shall
22 attempt to make the effective date for a proposed Medicaid policy
23 bulletin or adjustment to the Medicaid provider manual on October
24 1, January 1, April 1, or July 1 after the end of the consultation
25 period. The department may provide an effective date for a proposed
26 Medicaid policy bulletin or adjustment to the Medicaid provider
27 manual other than provided for in this section if necessary to be

1 in compliance with federal or state law, regulations, or rules or
2 with an executive order of the governor.

3 Sec. 1775. If the state's application for a waiver to
4 implement managed care for dual Medicare/Medicaid eligibles is
5 approved by the federal government, the department shall provide
6 quarterly reports to the senate and house appropriations
7 subcommittees on community health and the senate and house fiscal
8 agencies on progress in implementing the waiver.

9 Sec. 1777. From the funds appropriated in part 1 for long-term
10 care services, the department shall permit, in accordance with
11 applicable federal and state law, nursing homes to use dining
12 assistants to feed eligible residents if legislation to permit the
13 use of dining assistants is enacted into law. The department shall
14 not be responsible for costs associated with training dining
15 assistants.

16 Sec. 1787. The department shall require the managed care
17 enrollment broker to maintain telephone numbers of Medicaid
18 beneficiaries and provide each Medicaid health plan with the
19 telephone number of that health plan's enrollees on a monthly
20 basis.

21 Sec. 1793. The department shall consider the development of a
22 pilot project that focuses on the prevention of preventable
23 hospitalizations from nursing homes.

24 Sec. 1804. The department, in cooperation with the department
25 of human services, shall work with the federal public assistance
26 reporting information system to identify Medicaid recipients who
27 are veterans and who may be eligible for federal veterans health

1 care benefits or other benefits.

2 Sec. 1815. From the funds appropriated in part 1 for health
3 plan services, the department shall not implement a capitation
4 withhold as part of the overall capitation rate schedule that
5 exceeds the 0.19% withhold administered during fiscal year 2008-
6 2009.

7 Sec. 1820. (1) In order to avoid duplication of efforts, the
8 department shall utilize applicable national accreditation review
9 criteria to determine compliance with corresponding state
10 requirements for Medicaid health plans that have been reviewed and
11 accredited by a national accrediting entity for health care
12 services.

13 (2) Upon submission by Medicaid health plans of a listing of
14 program requirements that are part of the state program review
15 criteria but are not reviewed by an applicable national
16 accrediting entity, the department shall review the listing and
17 provide a recommendation to the house and senate appropriations
18 subcommittees on community health, the house and senate fiscal
19 agencies, and the state budget office as to whether or not state
20 program review should continue. The Medicaid health plans may
21 request the department to convene a workgroup to fulfill this
22 section.

23 (3) The department shall continue to comply with state and
24 federal law and shall not initiate an action that negatively
25 impacts beneficiary safety.

26 (4) As used in this section, "national accrediting entity"
27 means the national committee for quality assurance, the utilization

1 review accreditation committee, or other appropriate entity, as
2 approved by the department.

3 (5) By July 1 of the current fiscal year, the department shall
4 provide a progress report to the house and senate appropriations
5 subcommittees on community health, the house and senate fiscal
6 agencies, and the state budget office on implementation of this
7 section.

8 Sec. 1822. The department, the department's contracted
9 Medicaid pharmacy benefit manager, and all Medicaid health plans
10 shall implement coverage for a mental health prescription drug
11 within 30 days of that drug's approval by the department's pharmacy
12 and therapeutics committee.

13 Sec. 1832. (1) The department shall continue efforts to
14 standardize billing formats, referral forms, electronic
15 credentialing, primary source verification, electronic billing and
16 attachments, claims status, eligibility verification, and reporting
17 of accepted and rejected encounter records received in the
18 department data warehouse.

19 (2) The department shall convene a workgroup on making e-
20 billing mandatory for the Medicaid program. The workgroup shall
21 include representatives from medical provider organizations,
22 Medicaid HMOs, and the department. The department shall report to
23 the legislature on the findings of the workgroup by April 1 of the
24 current fiscal year.

25 (3) The department shall provide a report by April 1 of the
26 current fiscal year to the senate and house appropriations
27 subcommittees on community health and the senate and house fiscal

1 agencies detailing the percentage of claims for Medicaid
2 reimbursement provided to the department that were initially
3 rejected in the first quarter of fiscal year 2012-2013.

4 Sec. 1835. The department shall develop and implement
5 processes to report rejected and accepted encounters to Medicaid
6 health plans. The department shall further enhance encounter data
7 reporting processes and program rules that make each health plan's
8 encounter data as complete as possible, provide a fair measure of
9 acuity for each health plan's enrolled population for risk
10 adjustment purposes, and minimize health plan administrative
11 expenses.

12 Sec. 1836. In addition to the guidelines established in
13 Medical Services Administration Bulletin MSA 09-28, medically
14 necessary optical devices and other treatment services for adult
15 Medicaid patients shall be covered when conventional treatments do
16 not provide functional vision correction. Such ocular conditions
17 include, but are not limited to, congenital or acquired ocular
18 disease or eye trauma.

19 Sec. 1837. The department shall explore utilization of
20 telemedicine and telepsychiatry as strategies to increase access to
21 services for Medicaid recipients in medically underserved areas.

22 Sec. 1842. (1) Subject to the availability of funds, the
23 department shall adjust the hospital outpatient Medicaid
24 reimbursement rate for qualifying hospitals as provided in this
25 section. The Medicaid reimbursement rate for qualifying hospitals
26 shall be adjusted to provide each qualifying hospital with its
27 actual cost of delivering outpatient services to Medicaid

1 recipients.

2 (2) As used in this section, "qualifying hospital" means a
3 hospital that has not more than 50 staffed beds and is either
4 located outside a metropolitan statistical area or in a
5 metropolitan statistical area but within a city, village, or
6 township with a population of not more than 12,000 according to the
7 official 2000 federal decennial census and within a county with a
8 population of not more than 165,000 according to the official 2000
9 federal decennial census.

10 Sec. 1846. (1) By October 1, 2012, the department shall revise
11 its methodology for Medicaid funding provided to health systems for
12 graduate medical education. The methodology shall provide
13 additional funding for systems that continue or establish
14 residencies focusing on primary care providers, including
15 pediatrics, family practice, internal medicine, and obstetrics,
16 recruit residency candidates who commit to stay in Michigan, and
17 contain practice opportunities through collaborative agreements
18 with safety net providers for residents to practice in underserved
19 areas or serve historically underserved populations. The department
20 shall report the measures and tracking mechanisms to be used in
21 this new methodology by November 1, 2012 and shall report the
22 measures and tracking mechanisms to the senate and house
23 appropriations subcommittees on community health by that date.

24 (2) The department shall implement the new methodology by
25 April 1, 2013.

26 Sec. 1847. The department shall meet with the Michigan
27 association of ambulance services to discuss the possible structure

1 of an ambulance quality assurance assessment program.

2 Sec. 1849. (1) The department shall use at least 50% of the
3 funds allocated for voluntary in-home visiting services for
4 evidence-based models or models that conform to a promising
5 approach that are in the process of being evaluated through a
6 process that meets the requirements described in subsection (2)
7 with the goal of being evidence-based by January 1, 2013.

8 (2) As used in this section:

9 (a) "Evidence-based" means a model or practice that meets all
10 of the following requirements:

11 (i) The model or practice is governed by a program manual or
12 protocol that specifies the purpose, rigorous evaluation
13 requirements, and duration and frequency of service that
14 constitutes the model.

15 (ii) Scientific research using methods that meet scientific
16 standards, evaluated using either randomized controlled research
17 designs, or quasi-experimental research designs with equivalent
18 comparison groups. The effects of such programs must have been
19 demonstrated with 2 or more separate client samples that the
20 program improves client outcomes central to the purpose of the
21 program; and the model or practice monitors program implementation
22 for fidelity to the specified model.

23 (b) "In-home visiting services" means a service delivery
24 strategy that is carried out in the homes of families or children
25 from conception to school age that provides culturally sensitive
26 face-to-face visits by nurses, or other professionals or
27 paraprofessionals trained to promote positive parenting practices,

1 enhance the socio-emotional and cognitive development of children,
2 improve health of the family, and empower the family to be self-
3 sufficient.

4 (3) By February 1 of the current fiscal year, the department
5 shall submit to the house and senate appropriations subcommittees
6 on community health an annual report on evidence-based voluntary
7 in-home visiting services, including a full accounting of
8 administrative expenditures from the prior fiscal year, and a
9 summary detailing the demographic characteristics of Medicaid
10 families served.

11 (4) No later than September 30, 2012, the department shall
12 submit a report to the senate and house appropriations
13 subcommittees on community health on its plan to establish an
14 integrated benefit for Medicaid evidence-based home visitation
15 services to be provided by Medicaid health plans for eligible
16 beneficiaries. The report shall include information on the
17 potential methods used to assure continuity of care and continuity
18 of ongoing relationships with providers and their potential
19 effectiveness. It is the intent of the legislature that the
20 integrated benefit must be provided by evidence-based service
21 delivery models or practices in a manner that achieves fidelity to
22 the evidence-based model.

23 Sec. 1850. The department may allow Medicaid health plans to
24 assist with the redetermination process through outreach activities
25 to ensure continuation of Medicaid eligibility and enrollment in
26 managed care. This may include mailings, telephone contact, or
27 face-to-face contact with beneficiaries enrolled in the individual

1 Medicaid health plan. Health plans may offer assistance in
2 completing paperwork for beneficiaries enrolled in their plan.

3 Sec. 1853. The department shall form a workgroup composed of
4 representatives from the Medicaid HMOs and the Michigan association
5 of health plans to develop revisions to the process of
6 automatically assigning new Medicaid recipients to HMOs if they do
7 not choose an HMO upon enrollment. The department shall report on
8 the results of the workgroup's findings to the senate and house
9 appropriations subcommittees on community health and the senate and
10 house fiscal agencies by March 1 of the current fiscal year.

11 Sec. 1854. The department may work with a provider of kidney
12 dialysis services and renal care as authorized under section 2703
13 of the patient protection and affordable care act, Public Law 111-
14 148, to develop a chronic condition health home program for
15 Medicaid enrollees identified with chronic kidney disease and who
16 are beginning dialysis. If initiated, the department shall develop
17 metrics that evaluate program effectiveness and submit a report to
18 the senate and house appropriations subcommittees on community
19 health. Metrics shall include cost savings and clinical outcomes.

20 Sec. 1855. The department may consider the feasibility of a
21 revenue-neutral, financially risk-averse Medicaid patient
22 optimization solution for the support of emergency department
23 redirection for non-emergent patients.

24 Sec. 1857. It is the intent of the legislature that the
25 department not reduce Medicaid reimbursement for wheelchairs.

26 Sec. 1858. Subject to the availability of funds, Medicaid
27 services shall include treatment for autism spectrum disorders for

1 children who are eligible for Medicaid and are less than 6 years of
2 age. This section shall not take effect unless Senate Bill No. 414
3 and Senate Bill No. 415 of the 96th Legislature are enacted into
4 law.

5 Sec. 1859. From the funds appropriated in part 1, the
6 department shall increase Medicaid ambulance reimbursement rates.

7 Sec. 1860. The legislature encourages the department to
8 actively participate in a collaborative workgroup formed by the
9 health care association of Michigan, the Michigan county medical
10 care facility council, and aging services of Michigan, with the
11 purpose to design and implement a Medicaid reimbursement payment
12 system for nursing facilities that incorporates changes to both the
13 plant and variable components. The variable operating component
14 will include case mix adjustments, price based component, and
15 incentives for quality, efficiency, and Medicaid access. The plant
16 component will encourage continued new construction and renovations
17 and offer administrative simplification for the department. The
18 system will include a timeline for implementation beginning October
19 1, 2013. The workgroup will provide quarterly reports of its
20 progress to the senate and house appropriations subcommittees on
21 community health.

22 Sec. 1861. Nonemergency medical transportation services
23 offered to Medicaid recipients may be competitively bid and may
24 take into consideration a minimum of 2 bids by qualified vendors, 1
25 of which must be a public transportation agency where such agencies
26 offer service. For the purpose of this section, "qualified vendor"
27 means a transportation provider that either meets or exceeds the

1 quality and safety standards of public transportation agencies,
2 including, but not limited to, ongoing training requirements for
3 motor vehicle operators including training on passenger safety,
4 passenger assistance, and assistive devices, including wheelchair
5 lifts, tie-down equipment, and child safety seats. In addition, a
6 qualified vendor shall be able to document that all drivers have
7 complied with all state licensing regulations and that they have
8 passed a criminal background check and successfully passed a drug
9 screening test.

10 Sec. 1862. From the funds appropriated in part 1, the
11 department shall increase reimbursement rates for obstetrical
12 services.

13 Sec. 1863. For the purposes of the next rebidding of contracts
14 with Medicaid health plans, the department shall study the
15 possibility of excluding health plans that score in the lowest
16 quartile on quality indicators from eligibility to bid.

17 Sec. 1864. (1) From the funds appropriated in part 1, the
18 department shall create and implement a pilot program limited to
19 rural counties to incentivize students attending medical schools in
20 Michigan through a scholarship program or financial stipend for
21 committing to provide medical services in rural counties with a
22 medically underserved population. The program shall be limited to
23 those students or individuals performing primary care or specialty
24 services as identified by the department.

25 (2) By no later than September 30 of the current fiscal year,
26 the department shall prepare a report and submit it to the senate
27 and house appropriations subcommittees on community health, the

1 senate and house fiscal agencies, and the state budget director.
2 The department shall evaluate the effectiveness of the pilot
3 program, identify potential changes to improve the program, and
4 make recommendations for statewide implementation in its report
5 under this subsection.

6 Sec. 1865. Upon federal approval of the department's proposal
7 for integrated care for individuals who are dual Medicare/Medicaid
8 eligibles, the department shall provide the senate and house
9 appropriations subcommittees on community health and the senate and
10 house fiscal agencies its plan and organizational chart for
11 administering and providing oversight of this proposal. The plan
12 shall include information on how the department intends to organize
13 staff in an integrated manner to ensure that key components of the
14 proposal are implemented effectively.

15 **ONE-TIME BASIS ONLY**

16 Sec. 1903. (1) From the funds appropriated in section 1901 for
17 hospital services and therapy - rural and sole community hospitals,
18 general fund/general purpose revenue and any associated federal
19 match shall be awarded to hospitals that meet criteria established
20 by the department for services to low-income rural residents.

21 (2) No hospital or hospital system shall receive more than
22 5.0% of the total funding referenced in subsection (1).

23 (3) The department shall report to the senate and house
24 appropriations subcommittees on community health and the senate and
25 house fiscal agencies on the distribution of funds referenced in
26 subsection (1) by April 1 of the current fiscal year.

PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

FOR FISCAL YEAR 2013-2014

GENERAL SECTIONS

Sec. 2001. It is the intent of the legislature to provide appropriations for the fiscal year ending on September 30, 2014 for the line items listed in part 1. The fiscal year 2013-2014 appropriations are anticipated to be the same as those for fiscal year 2012-2013, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. These adjustments will be determined after the January 2013 consensus revenue estimating conference.