

DRAFT 1
HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1152

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2011; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the



1 amounts listed in this part are appropriated for the department of
 2 community health for the fiscal year ending September 30, 2011,
 3 from the funds indicated in this part. The following is a summary
 4 of the appropriations in this part:

5 **DEPARTMENT OF COMMUNITY HEALTH**

6 APPROPRIATION SUMMARY

7	Full-time equated unclassified positions	6.0	
8	Full-time equated classified positions	4,384.1	
9	Average population.....	893.0	
10	GROSS APPROPRIATION		\$ 13,712,528,700
11	Interdepartmental grant revenues:		
12	Total interdepartmental grants and intradepartmental		
13	transfers.....		54,224,300
14	ADJUSTED GROSS APPROPRIATION		\$ 13,658,304,400
15	Federal revenues:		
16	Total other federal revenues		8,511,571,100
17	Total federal revenues (ARRA)		927,383,700
18	Special revenue funds:		
19	Total local revenues		233,837,800
20	Total private revenues		88,109,300
21	Merit award trust fund		149,220,500
22	Total other state restricted revenues		1,724,660,800
23	State general fund/general purpose		\$ 2,023,521,200
24	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
25	Full-time equated unclassified positions	6.0	
26	Full-time equated classified positions	175.2	
27	Director and other unclassified--6.0 FTE positions ...		\$ 598,600



1	Departmental administration and management--165.2 FTE		
2	positions.....		22,770,500
3	Worker's compensation program		8,855,200
4	Rent and building occupancy		10,862,500
5	Developmental disabilities council and projects--10.0		
6	FTE positions.....		<u>2,847,500</u>
7	GROSS APPROPRIATION	\$	45,934,300
8	Appropriated from:		
9	Federal revenues:		
10	Total federal revenues		13,900,700
11	Special revenue funds:		
12	Total private revenues		35,900
13	Total other state restricted revenues		2,514,000
14	State general fund/general purpose	\$	29,483,700
15	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES		
16	ADMINISTRATION AND SPECIAL PROJECTS		
17	Full-time equated classified positions..... 107.5		
18	Mental health/substance abuse program administration--		
19	106.5 FTE positions.....	\$	13,917,000
20	Gambling addiction--1.0 FTE position		3,000,000
21	Protection and advocacy services support		194,400
22	Community residential and support services		1,893,500
23	Highway safety projects		400,000
24	Federal and other special projects		3,497,200
25	Family support subsidy		19,470,500
26	Housing and support services		<u>9,306,800</u>
27	GROSS APPROPRIATION	\$	51,679,400



1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues	35,352,200
4	Special revenue funds:	
5	Total private revenues	190,000
6	Total other state restricted revenues	3,000,000
7	State general fund/general purpose	\$ 13,137,200
8	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
9	SERVICES PROGRAMS	
10	Full-time equated classified positions 9.5	
11	Medicaid mental health services	\$ 2,035,940,200
12	Community mental health non-Medicaid services	283,912,600
13	Medicaid adult benefits waiver	32,055,000
14	Mental health services for special populations	6,823,800
15	Medicaid substance abuse services	42,933,400
16	CMHSP, purchase of state services contracts	127,817,700
17	Civil service charges	1,499,300
18	Federal mental health block grant--2.5 FTE positions .	15,392,100
19	State disability assistance program substance abuse	
20	services.....	2,243,100
21	Community substance abuse prevention, education, and	
22	treatment programs.....	79,357,300
23	Children's waiver home care program	21,049,800
24	Nursing home PAS/ARR-OBRA--7.0 FTE positions	12,155,600
25	Children with serious emotional disturbance waiver ...	<u>7,188,000</u>
26	GROSS APPROPRIATION	\$ 2,668,367,900
27	Appropriated from:	



1	Interdepartmental grant revenues:	
2	Interdepartmental grant from the department of human	
3	services.....	1,769,000
4	Federal revenues:	
5	Total other federal revenues	1,495,946,000
6	Federal FMAP stimulus (ARRA)	153,921,200
7	Special revenue funds:	
8	Total local revenues	25,228,900
9	Total other state restricted revenues	20,655,200
10	State general fund/general purpose	\$ 970,847,600
11	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR	
12	PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC	
13	AND PRISON MENTAL HEALTH SERVICES	
14	Total average population.....	893.0
15	Full-time equated classified positions.....	2,590.5
16	Caro Regional Mental Health Center - psychiatric	
17	hospital - adult--468.3 FTE positions	\$ 55,267,100
18	Average population.....	185.0
19	Kalamazoo Psychiatric Hospital - adult--483.1 FTE	
20	positions.....	53,493,900
21	Average population.....	189.0
22	Walter P. Reuther Psychiatric Hospital - adult--433.3	
23	FTE positions.....	50,087,200
24	Average population.....	234.0
25	Hawthorn Center - psychiatric hospital - children and	
26	adolescents--230.9 FTE positions	26,003,000
27	Average population.....	75.0



1	Center for forensic psychiatry--578.6 FTE positions ..	64,528,600
2	Average population..... 210.0	
3	Forensic mental health services provided to the	
4	department of corrections--396.3 FTE positions	50,727,300
5	Revenue recapture	750,000
6	IDEA, federal special education	120,000
7	Special maintenance	332,500
8	Purchase of medical services for residents of	
9	hospitals and centers.....	445,600
10	Gifts and bequests for patient living and treatment	
11	environment.....	<u>1,000,000</u>
12	GROSS APPROPRIATION	\$ 302,755,200
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	Interdepartmental grant from the department of	
16	corrections.....	50,727,300
17	Federal revenues:	
18	Total other federal revenues	28,728,400
19	Federal FMAP stimulus (ARRA)	2,154,900
20	Special revenue funds:	
21	CMHSP, purchase of state services contracts	127,817,700
22	Other local revenues	16,915,200
23	Total private revenues	1,000,000
24	Total other state restricted revenues	15,724,300
25	State general fund/general purpose	\$ 59,687,400
26	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
27	Full-time equated classified positions	91.7



1	Public health administration--7.3 FTE positions	\$	1,513,800
2	Minority health grants and contracts--3.0 FTE		
3	positions.....		1,117,000
4	Promotion of healthy behaviors		975,900
5	Vital records and health statistics--81.4 FTE		
6	positions.....		<u>9,286,000</u>
7	GROSS APPROPRIATION	\$	12,892,700
8	Appropriated from:		
9	Interdepartmental grant revenues:		
10	Interdepartmental grant from the department of human		
11	services.....		1,150,600
12	Federal revenues:		
13	Total federal revenues		4,969,200
14	Special revenue funds:		
15	Total private revenues		300,000
16	Total other state restricted revenues		5,268,200
17	State general fund/general purpose	\$	1,204,700
18	Sec. 107. HEALTH POLICY, REGULATION, AND		
19	PROFESSIONS		
20	Full-time equated classified positions	441.6	
21	Health systems administration--199.6 FTE positions ...	\$	21,423,600
22	Emergency medical services program state staff--8.5		
23	FTE positions.....		1,321,200
24	Radiological health administration--21.4 FTE positions		3,074,500
25	Emergency medical services grants and services		660,000
26	Health professions--157.0 FTE positions		26,125,400
27	Background check program--5.5 FTE positions		2,713,700



1	Health policy, regulation, and professions	
2	administration--30.2 FTE positions	3,781,200
3	Nurse scholarship, education, and research program--	
4	3.0 FTE positions.....	1,737,800
5	Certificate of need program administration--14.0 FTE	
6	positions.....	2,036,000
7	Rural health services--1.0 FTE position	1,409,600
8	Michigan essential health provider	872,700
9	Primary care services--1.4 FTE positions	<u>4,275,300</u>
10	GROSS APPROPRIATION	\$ 69,431,000
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Interdepartmental grant from the department of	
14	treasury, Michigan state hospital finance authority .	116,300
15	Federal revenues:	
16	Total other federal revenues	26,390,100
17	Special revenue funds:	
18	Total local revenues	100,000
19	Total private revenues	455,000
20	Total other state restricted revenues	31,994,200
21	State general fund/general purpose	\$ 10,375,400
22	Sec. 108. INFECTIOUS DISEASE CONTROL	
23	Full-time equated classified positions	50.7
24	AIDS prevention, testing, and care programs--12.7 FTE	
25	positions.....	\$ 54,456,800
26	Immunization local agreements	13,725,200
27	Immunization program management and field support--	



1	15.0 FTE positions.....	2,119,000
2	Pediatric AIDS prevention and control--1.0 FTE	
3	position.....	1,231,300
4	Sexually transmitted disease control local agreements	3,360,700
5	Sexually transmitted disease control management and	
6	field support--22.0 FTE positions.....	<u>3,744,600</u>
7	GROSS APPROPRIATION.....	\$ 78,637,600
8	Appropriated from:	
9	Federal revenues:	
10	Total other federal revenues.....	43,447,000
11	Special revenue funds:	
12	Total private revenues.....	22,707,700
13	Total other state restricted revenues.....	9,606,300
14	State general fund/general purpose.....	\$ 2,876,600
15	Sec. 109. LABORATORY SERVICES	
16	Full-time equated classified positions..... 122.0	
17	Laboratory services--122.0 FTE positions.....	\$ <u>17,965,400</u>
18	GROSS APPROPRIATION.....	\$ 17,965,400
19	Appropriated from:	
20	Interdepartmental grant revenues:	
21	Interdepartmental grant from the department of natural	
22	resources and environment.....	461,100
23	Federal revenues:	
24	Total federal revenues.....	1,818,100
25	Special revenue funds:	
26	Total other state restricted revenues.....	7,966,400
27	State general fund/general purpose.....	\$ 7,719,800



1 **Sec. 110. EPIDEMIOLOGY**

2	Full-time equated classified positions	131.0	
3	AIDS surveillance and prevention program		\$ 2,254,100
4	Asthma prevention and control--2.6 FTE positions		857,100
5	Bioterrorism preparedness--68.6 FTE positions		49,259,700
6	Epidemiology administration--42.3 FTE positions		8,543,500
7	Lead abatement program--7.0 FTE positions		2,442,500
8	Newborn screening follow-up and treatment services--		
9	10.5 FTE positions.....		4,740,800
10	Tuberculosis control and prevention		<u>867,000</u>
11	GROSS APPROPRIATION		\$ 68,964,700
12	Appropriated from:		
13	Federal revenues:		
14	Total federal revenues		61,104,800
15	Special revenue funds:		
16	Total private revenues		25,000
17	Total other state restricted revenues		5,572,800
18	State general fund/general purpose		\$ 2,262,100
19	Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS		
20	Implementation of 1993 PA 133, MCL 333.17015		\$ 20,000
21	Local health services		100,000
22	Local public health operations		40,082,800
23	Medicaid outreach cost reimbursement to local health		
24	departments.....		<u>9,000,000</u>
25	GROSS APPROPRIATION		\$ 49,202,800
26	Appropriated from:		
27	Federal revenues:		



1	Total federal revenues	9,000,000
2	Special revenue funds:	
3	Total local revenues	5,150,000
4	Total other state restricted revenues	100,000
5	State general fund/general purpose	\$ 34,952,800
6	Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND	
7	HEALTH PROMOTION	
8	Full-time equated classified positions	75.5
9	Alzheimer's information network	\$ 99,500
10	Cancer prevention and control program--12.0 FTE	
11	positions.....	14,565,700
12	Chronic disease control and health promotion	
13	administration--33.4 FTE positions	6,696,700
14	Diabetes and kidney program--12.2 FTE positions	2,578,100
15	Public health traffic safety coordination--1.0 FTE	
16	position.....	287,500
17	Smoking prevention program--14.0 FTE positions	4,656,500
18	Violence prevention--2.9 FTE positions	<u>1,676,700</u>
19	GROSS APPROPRIATION	\$ 30,560,700
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues	22,953,100
23	Special revenue funds:	
24	Total private revenues	61,600
25	Total other state restricted revenues	5,825,700
26	State general fund/general purpose	\$ 1,720,300
27	Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH	



1	SERVICES		
2	Full-time equated classified positions	53.6	
3	Childhood lead program--6.0 FTE positions		\$ 1,597,300
4	Dental programs--3.0 FTE positions		994,400
5	Dental program for persons with developmental		
6	disabilities.....		151,000
7	Early childhood collaborative secondary prevention ...		100
8	Family, maternal, and children's health services		
9	administration--43.6 FTE positions		5,890,700
10	Family planning local agreements		9,085,700
11	Local MCH services		7,018,100
12	Pregnancy prevention program		1,707,300
13	Prenatal care outreach and service delivery support ..		50,100
14	School health and education programs--1.0 FTE		
15	position.....		405,500
16	Special projects		2,415,200
17	Sudden infant death syndrome program		<u>321,300</u>
18	GROSS APPROPRIATION		\$ 29,636,700
19	Appropriated from:		
20	Federal revenues:		
21	Total federal revenues		24,352,500
22	Special revenue funds:		
23	Total local revenues		75,000
24	Total other state restricted revenues		1,505,200
25	State general fund/general purpose		\$ 3,704,000
26	Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND		
27	NUTRITION PROGRAM		



1	Full-time equated classified positions	45.0	
2	Women, infants, and children program administration		
3	and special projects--45.0 FTE positions		\$ 13,631,700
4	Women, infants, and children program local agreements		
5	and food costs		<u>253,825,500</u>
6	GROSS APPROPRIATION		\$ 267,457,200
7	Appropriated from:		
8	Federal revenues:		
9	Total federal revenues		208,847,000
10	Special revenue funds:		
11	Total private revenues		58,610,200
12	State general fund/general purpose		\$ 0
13	Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES		
14	Full-time equated classified positions	47.8	
15	Children's special health care services		
16	administration--45.0 FTE positions		\$ 5,150,700
17	Requests for care and services--2.8 FTE positions		1,514,600
18	Outreach and advocacy		3,773,500
19	Nonemergency medical transportation		2,711,200
20	Medical care and treatment		<u>239,251,500</u>
21	GROSS APPROPRIATION		\$ 252,401,500
22	Appropriated from:		
23	Federal revenues:		
24	Total other federal revenues		140,504,600
25	Federal FMAP stimulus (ARRA)		12,863,300
26	Special revenue funds:		
27	Total private revenues		1,000,000



1	Total other state restricted revenues		3,841,000
2	State general fund/general purpose	\$	94,192,600
3	Sec. 116. CRIME VICTIM SERVICES COMMISSION		
4	Full-time equated classified positions	11.0	
5	Grants administration services--11.0 FTE positions ...	\$	1,555,900
6	Justice assistance grants		13,000,000
7	Crime victim rights services grants		<u>12,500,000</u>
8	GROSS APPROPRIATION	\$	27,055,900
9	Appropriated from:		
10	Federal revenues:		
11	Total federal revenues		16,567,500
12	Special revenue funds:		
13	Total other state restricted revenues		10,488,400
14	State general fund/general purpose	\$	0
15	Sec. 117. OFFICE OF SERVICES TO THE AGING		
16	Full-time equated classified positions	43.5	
17	Office of services to aging administration--43.5 FTE		
18	positions.....	\$	7,190,900
19	Community services		35,342,600
20	Nutrition services		36,123,400
21	Foster grandparent volunteer program		2,427,600
22	Retired and senior volunteer program		681,800
23	Senior companion volunteer program		1,743,800
24	Employment assistance		3,792,500
25	Respite care program		<u>5,868,700</u>
26	GROSS APPROPRIATION	\$	93,171,300
27	Appropriated from:		



1	Federal revenues:	
2	Total federal revenues	56,781,900
3	Special revenue funds:	
4	Total private revenues	610,000
5	Merit award trust fund	4,468,700
6	Total other state restricted revenues	1,400,000
7	State general fund/general purpose	\$ 29,910,700
8	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
9	Full-time equated classified positions	388.0
10	Medical services administration--388.0 FTE positions .	\$ 63,206,700
11	Facility inspection contract	132,800
12	MIChild administration	<u>4,327,800</u>
13	GROSS APPROPRIATION	\$ 67,667,300
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues	46,246,700
17	Special revenue funds:	
18	Total private revenues	100,000
19	Total local revenues	107,000
20	Total other state restricted revenues	105,300
21	State general fund/general purpose	\$ 21,108,300
22	Sec. 119. MEDICAL SERVICES	
23	Hospital services and therapy	\$ 1,329,251,600
24	Hospital disproportionate share payments	50,000,000
25	Physician services	328,305,500
26	Medicare premium payments	399,145,100
27	Pharmaceutical services	306,550,700



1	Home health services	5,336,300
2	Hospice services	114,175,300
3	Transportation	13,000,000
4	Auxiliary medical services	6,967,100
5	Dental services	144,922,400
6	Ambulance services	11,871,900
7	Long-term care services	1,621,772,100
8	Medicaid home- and community-based services waiver ...	189,566,800
9	Adult home help services	305,534,900
10	Personal care services	14,606,000
11	Program of all-inclusive care for the elderly	16,600,100
12	Health plan services	3,803,219,600
13	MIChild program	53,063,700
14	Plan first family planning waiver	11,269,900
15	Medicaid adult benefits waiver	104,856,900
16	Special indigent care payments	88,518,500
17	Federal Medicare pharmaceutical program	180,945,800
18	Promotion of healthy behavior waiver	10,000,000
19	Maternal and child health	20,279,500
20	Subtotal basic medical services program	9,129,759,700
21	School-based services	64,630,600
22	Special Medicaid reimbursement	332,191,500
23	Subtotal special medical services payments	<u>396,822,100</u>
24	GROSS APPROPRIATION	\$ 9,526,581,800
25	Appropriated from:	
26	Federal revenues:	
27	Total other federal revenues	6,237,985,400



1	Federal FMAP stimulus (ARRA)	758,444,300
2	Special revenue funds:	
3	Total local revenues	58,444,000
4	Total private revenues	3,013,900
5	Merit award trust fund	144,751,800
6	Total other state restricted revenues	1,595,877,800
7	State general fund/general purpose	\$ 728,064,600
8	Sec. 120. INFORMATION TECHNOLOGY	
9	Information technology services and projects	\$ 35,364,200
10	Michigan Medicaid information system	<u>16,801,100</u>
11	GROSS APPROPRIATION	\$ 52,165,300
12	Appropriated from:	
13	Federal revenues:	
14	Total federal revenues	36,675,900
15	Special revenue funds:	
16	Total other state restricted revenues	3,216,000
17	State general fund/general purpose	\$ 12,273,400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

21 Sec. 201. Pursuant to section 30 of article IX of the state
22 constitution of 1963, total state spending from state resources
23 under part 1 for fiscal year 2010-2011 is \$3,897,402,500.00 and
24 state spending from state resources to be paid to local units of
25 government for fiscal year 2010-2011 is \$1,230,192,600.00. The



1 itemized statement below identifies appropriations from which
 2 spending to local units of government will occur:

3 DEPARTMENT OF COMMUNITY HEALTH

4 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION
 5 AND SPECIAL PROJECTS

6	Community residential and support services	\$	286,400
7	Housing and support services		599,800
8	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS		
9	State disability assistance program substance		
10	abuse services.....	\$	2,243,100
11	Community substance abuse prevention, education, and		
12	treatment programs.....		16,815,000
13	Medicaid mental health services		521,928,200
14	Community mental health non-Medicaid services		283,912,600
15	Medicaid adult benefits waiver		10,966,000
16	Mental health services for special populations		6,823,800
17	Medicaid substance abuse services		11,538,300
18	Children's waiver home care program		5,254,000
19	Nursing home PASARR.....		2,705,100

20 PUBLIC HEALTH ADMINISTRATION

21	Minority health grants and contracts	\$	190,000
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22 HEALTH POLICY, REGULATION, AND PROFESSIONS

23	Primary care services	\$	88,900
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24 INFECTIOUS DISEASE CONTROL

25	AIDS prevention, testing, and care programs	\$	1,000,000
26	Immunization local agreements		1,750,000
27	Sexually transmitted disease control local agreements		235,200



1	LABORATORY SERVICES		
2	Laboratory services	\$	13,700
3	LOCAL HEALTH ADMINISTRATION AND GRANTS		
4	Implementation of 1993 PA 133, MCL 333.17015	\$	8,000
5	Local public health operations		34,932,800
6	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
7	Cancer prevention and control program	\$	450,000
8	Chronic disease prevention		261,600
9	Diabetes and kidney program		54,500
10	Smoking prevention program		800,000
11	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES		
12	Childhood lead program	\$	51,100
13	Pregnancy prevention program		90,000
14	School health education programs		250,000
15	CHILDREN'S SPECIAL HEALTH CARE SERVICES		
16	Medical care and treatment	\$	895,700
17	Outreach and advocacy		1,237,500
18	MEDICAL SERVICES		
19	Dental services	\$	2,005,600
20	Long-term care services		269,214,200
21	Transportation		2,572,700
22	Medicaid adult benefits waiver		6,186,600
23	Hospital services and therapy		5,316,800
24	Physician services		4,251,500
25	OFFICE OF SERVICES TO THE AGING		
26	Community services	\$	12,326,700
27	Nutrition services		9,670,300



1	Foster grandparent volunteer program	679,800
2	Retired and senior volunteer program	187,300
3	Senior companion volunteer program	215,000
4	Respite care program	5,384,800
5	CRIME VICTIM SERVICES COMMISSION	
6	Crime victim rights services grants	\$ <u>6,800,000</u>
7	TOTAL OF PAYMENTS TO LOCAL UNITS	
8	OF GOVERNMENT	\$ 1,230,192,600

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

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

14 Sec. 203. As used in this act:

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

16 (b) "ARRA" means the American recovery and reinvestment act of
17 2009, Public Law 111-5.

18 (c) "CMHSP" means a community mental health services program
19 as that term is defined in section 100a of the mental health code,
20 1974 PA 258, MCL 330.1100a.

21 (d) "Current fiscal year" means the fiscal year ending
22 September 30, 2011.

23 (e) "Department" means the Michigan department of community
24 health.

25 (f) "Director" means the director of the department.

26 (g) "DSH" means disproportionate share hospital.

27 (h) "EPSDT" means early and periodic screening, diagnosis, and



1 treatment.

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) "FMAP" means federal medical assistance percentages.

7 (k) "FTE" means full-time equated.

8 (l) "GME" means graduate medical education.

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

12 (n) "HIV/AIDS" means human immunodeficiency virus/acquired
13 immune deficiency syndrome.

14 (o) "HMO" means health maintenance organization.

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

17 (q) "IDG" means interdepartmental grant.

18 (r) "MCH" means maternal and child health.

19 (s) "MIChild" means the program described in section 1670.

20 (t) "MIHP" means the maternal infant health program.

21 (u) "PASARR" means the preadmission screening and annual
22 resident review required under the omnibus budget reconciliation
23 act of 1987, section 1919(e)(7) of the social security act, and 42
24 USC 1396r.

25 (v) "PIHP" means a specialty prepaid inpatient health plan for
26 Medicaid mental health services, services to persons with
27 developmental disabilities, and substance abuse services as



1 described in section 232b of the mental health code, 1974 PA 258,
2 MCL 330.1232b.

3 (w) "Title XVIII" and "Medicare" mean title XVIII of the
4 social security act, 42 USC 1395 to 1395iii.

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

7 (y) "Title XX" means title XX of the social security act, 42
8 USC 1397 to 1397f.

9 (z) "WIC program" means the women, infants, and children
10 supplemental nutrition program.

11 Sec. 204. The civil service commission shall bill the
12 department at the end of the first fiscal quarter for the charges
13 authorized by section 5 of article XI of the state constitution of
14 1963. The department shall pay the total amount of the billing by
15 the end of the second fiscal quarter.

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

22 (2) In addition to the funds appropriated in part 1, there is
23 appropriated an amount not to exceed \$20,000,000.00 for state
24 restricted contingency funds. These funds are not available for
25 expenditure until they have been transferred to another line item
26 in this act under section 393(2) of the management and budget act,
27 1984 PA 431, MCL 18.1393.



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

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

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

18 Sec. 209. Funds appropriated in part 1 shall not be used for
19 the purchase of foreign goods or services, or both, if
20 competitively priced and of comparable quality American goods or
21 services, or both, are available. Preference shall be given to
22 goods or services, or both, manufactured or provided by Michigan
23 businesses if they are competitively priced and of comparable
24 quality. In addition, preference shall be given to goods or
25 services, or both, that are manufactured or provided by Michigan
26 businesses owned and operated by veterans if they are competitively
27 priced and of comparable quality.



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

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

13 (2) The department shall provide a report to the senate and
14 house appropriations subcommittees on community health and the
15 senate and house fiscal agencies on the balance of each of the
16 restricted funds administered by the department as of September 30
17 of the current fiscal year.

18 Sec. 212. (1) On or before February 1 of the current fiscal
19 year, the department shall report to the house and senate
20 appropriations subcommittees on community health, the house and
21 senate fiscal agencies, and the state budget director on the
22 detailed name and amounts of federal, restricted, private, and
23 local sources of revenue that support the appropriations in each of
24 the line items in part 1 of this act.

25 (2) Upon the release of the next fiscal year executive budget
26 recommendation, the department shall report to the same parties in
27 subsection (1) on the amounts and detailed sources of federal,



1 restricted, private, and local revenue proposed to support the
2 total funds appropriated in each of the line items in part 1 of the
3 next fiscal year executive budget proposal.

4 Sec. 213. The state departments, agencies, and commissions
5 receiving tobacco tax funds and healthy Michigan funds from part 1
6 shall report by April 1 of the current fiscal year to the senate
7 and house appropriations committees, the senate and house fiscal
8 agencies, and the state budget director on the following:

9 (a) Detailed spending plan by appropriation line item
10 including description of programs and a summary of organizations
11 receiving these funds.

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

14 (c) Eligibility criteria for program participation and maximum
15 benefit levels where applicable.

16 (d) Outcome measures used to evaluate programs, including
17 measures of the effectiveness of these programs in improving the
18 health of Michigan residents.

19 (e) Any other information considered necessary by the house of
20 representatives or senate appropriations committees or the state
21 budget director.

22 Sec. 214. The use of state restricted tobacco tax revenue
23 received for the purpose of tobacco prevention, education, and
24 reduction efforts and deposited in the healthy Michigan fund shall
25 not be used for lobbying as defined in section 5 of 1978 PA 472,
26 MCL 4.415, and shall not be used in attempting to influence the
27 decisions of the legislature, the governor, or any state agency.



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 (3) The department shall report by March 15 of the current
13 fiscal year to the house of representatives and senate
14 appropriations subcommittees on community health on all
15 reimbursements, refunds, adjustments, and settlements from prior
16 years.

17 Sec. 218. The department shall include the following in its
18 annual list of proposed basic health services as required in part
19 23 of the public health code, 1978 PA 368, MCL 333.2301 to
20 333.2321:

- 21 (a) Immunizations.
- 22 (b) Communicable disease control.
- 23 (c) Sexually transmitted disease control.
- 24 (d) Tuberculosis control.
- 25 (e) Prevention of gonorrhoea eye infection in newborns.
- 26 (f) Screening newborns for the conditions listed in section
27 5431 of the public health code, 1978 PA 368, MCL 333.5431, or



1 recommended by the newborn screening quality assurance advisory
2 committee created under section 5430 of the public health code,
3 1978 PA 368, MCL 333.5430.

4 (g) Community health annex of the Michigan emergency
5 management plan.

6 (h) Prenatal care.

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

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

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

21 (c) The expected project duration.

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

25 (2) On or before September 30 of the current fiscal year, the
26 department shall provide to the same parties listed in subsection
27 (1) a copy of all reports, studies, and publications produced by



1 the Michigan public health institute, its subcontractors, or the
2 department with the funds appropriated in part 1 and allocated to
3 the Michigan public health institute.

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

9 Sec. 223. The department may establish and collect fees for
10 publications, videos and related materials, conferences, and
11 workshops. Collected fees shall be used to offset expenditures to
12 pay for printing and mailing costs of the publications, videos and
13 related materials, and costs of the workshops and conferences. The
14 department shall not collect fees under this section that exceed
15 the cost of the expenditures.

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

22 Sec. 264. (1) Upon submission of a Medicaid waiver, a Medicaid
23 state plan amendment, or a similar proposal to the centers for
24 Medicare and Medicaid services, the department shall notify the
25 house and senate appropriations subcommittees on community health
26 and the house and senate fiscal agencies of the submission.

27 (2) The department shall provide written or verbal biannually



1 reports to the senate and house appropriations subcommittees on
2 community health and the senate and house fiscal agencies
3 summarizing the status of any new or ongoing discussions with the
4 centers for Medicare and Medicaid services or the federal
5 department of health and human services regarding potential or
6 future Medicaid waiver applications.

7 Sec. 266. (1) Due to the current budgetary problems in this
8 state, out-of-state travel shall be limited to situations in which
9 1 or more of the following conditions apply:

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

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

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

18 (d) The travel is necessary to comply with federal
19 requirements.

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

22 (f) The travel is financed entirely by federal or nonstate
23 funds.

24 (2) Not later than January 1 of each year, each department
25 shall prepare a travel report listing all travel by classified and
26 unclassified employees outside this state in the immediately
27 preceding fiscal year that was funded in whole or in part with



1 funds appropriated in the department's budget. The report shall be
2 submitted to the senate and house standing committees on
3 appropriations, the senate and house fiscal agencies, and the state
4 budget director. The report shall include the following
5 information:

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

8 (b) The destination of each travel occurrence.

9 (c) The dates of each travel occurrence.

10 (d) A brief statement of the reason for each travel
11 occurrence.

12 (e) The transportation and related costs of each travel
13 occurrence, including the proportion funded with state general
14 fund/general purpose revenues, the proportion funded with state
15 restricted revenues, the proportion funded with federal revenues,
16 and the proportion funded with other revenues.

17 (f) A total of all out-of-state travel funded for the
18 immediately preceding fiscal year.

19 Sec. 269. The amount appropriated in part 1 for medical
20 services pharmaceutical services includes funds to cover
21 reimbursement of mental health medications under the Medicaid
22 program. Procedures for reimbursement of the mental health
23 medications shall comply with section 109h of the social welfare
24 act, 1939 PA 280, MCL 400.109h, and part 97 of the public health
25 code, 1978 PA 368, MCL 333.9701 to 333.9709. The department shall
26 ensure that all Medicaid contracts provide that its Medicaid
27 contractors employ the same utilization and access procedures for



1 mental health medications that were in place under the state's
2 Medicaid fee-for-service program in fiscal year 2008-2009.

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

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

13 (b) The program or service for which the money was originally
14 expended.

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

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

19 Sec. 271. (1) The department, in cooperation with a PIHP, a
20 Medicaid HMO, or a federally qualified health center shall
21 establish and implement an early mental health services
22 intervention pilot project. This project shall provide care
23 coordination, disease management, and pharmacy management to
24 eligible recipients suffering from chronic disease, including, but
25 not limited to, diabetes, asthma, substance addiction, or stroke.
26 Participating organizations may make use of data sharing, joint
27 information technology efforts, and financial incentives to health



1 providers and recipients in this project. The department shall
2 encourage that each CMHSP and Medicaid health plan act in a
3 coordinated manner in the establishment of their respective
4 electronic medical record systems.

5 (2) The pilot project shall make use of preestablished
6 objectives and outcome measures to determine the cost effectiveness
7 of the project. Participating organizations shall collect data to
8 study and monitor the correlation between early mental health
9 treatment services to program participants and improvement in the
10 management of their chronic disease.

11 (3) The department shall request any necessary Medicaid state
12 plan amendments or waivers to ensure participation in this project
13 by eligible Medicaid recipients.

14 (4) A progress report on the pilot project shall be provided
15 to the house and senate appropriations subcommittees on community
16 health, the house and senate fiscal agencies, and the state budget
17 director no later than May 1 of the current fiscal year.

18 Sec. 276. Funds appropriated in part 1 shall not be used by a
19 principal executive department, state agency, or authority to hire
20 a person to provide legal services that are the responsibility of
21 the attorney general. This prohibition does not apply to legal
22 services for bonding activities and for those activities that the
23 attorney general authorizes.

24 Sec. 287. Not later than December 1, 2010, the department
25 shall prepare and transmit a report that provides for estimates of
26 the total general fund/general purpose appropriation lapses at the
27 close of the fiscal year. This report shall summarize the projected



1 year-end general fund/general purpose appropriation lapses by major
2 departmental program or program areas. The report shall be
3 transmitted to the office of the state budget, the chairpersons of
4 the senate and house appropriations committees, and the fiscal
5 agencies.

6 Sec. 292. (1) On a quarterly basis, the department shall
7 report on the number of full-time equated positions in pay status
8 by civil service classification to the senate and house of
9 representatives standing committees on appropriations subcommittees
10 on community health and the senate and house fiscal agencies.

11 (2) From the funds appropriated in part 1, the department
12 shall develop, post, and maintain on a user-friendly and publicly
13 accessible Internet website all expenditures made by the department
14 within a fiscal year. The posting must include the purpose for
15 which each expenditure is made. Funds appropriated in part 1 from
16 the ARRA shall also be included on a publicly accessible website
17 maintained by the Michigan economic recovery office. The department
18 shall not provide financial information on its website under this
19 section if doing so would violate a federal or state law, rule,
20 regulation, or guideline that establishes privacy or security
21 standards applicable to that section.

22 Sec. 293. The department shall not expend more than \$10,000.00
23 from the appropriations in part 1 to implement the requirements of
24 section 292(2).

25 **DEPARTMENTWIDE ADMINISTRATION**

26 Sec. 301. From funds appropriated for worker's compensation,



1 the department may make payments in lieu of worker's compensation
2 payments for wage and salary and related fringe benefits for
3 employees who return to work under limited duty assignments.

4 Sec. 303. The department shall not require first-party payment
5 from individuals or families with a taxable income of \$10,000.00 or
6 less for mental health services for determinations made under
7 section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

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

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

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

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

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

25 (b) A complete array of mental health services that includes,



1 but is not limited to, all of the following services: residential
2 and other individualized living arrangements, outpatient services,
3 acute inpatient services, and long-term, 24-hour inpatient care in
4 a structured, secure environment.

5 (c) The coordination of inpatient and outpatient hospital
6 services through agreements with state-operated psychiatric
7 hospitals, units, and centers in facilities owned or leased by the
8 state, and privately-owned hospitals, units, and centers licensed
9 by the state pursuant to sections 134 through 149b of the mental
10 health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

11 (d) Individualized plans of service that are sufficient to
12 meet the needs of individuals, including those discharged from
13 psychiatric hospitals or centers, and that ensure the full range of
14 recipient needs is addressed through the CMHSP's or PIHP's program
15 or through assistance with locating and obtaining services to meet
16 these needs.

17 (e) A system of case management or care management to monitor
18 and ensure the provision of services consistent with the
19 individualized plan of services or supports.

20 (f) A system of continuous quality improvement.

21 (g) A system to monitor and evaluate the mental health
22 services provided.

23 (h) A system that serves at-risk and delinquent youth as
24 required under the provisions of the mental health code, 1974 PA
25 258, MCL 330.1001 to 330.2106.

26 Sec. 402. (1) From funds appropriated in part 1, final
27 authorizations to CMHSPs or PIHPs shall be made upon the execution



1 of contracts between the department and CMHSPs or PIHPs. The
2 contracts shall contain an approved plan and budget as well as
3 policies and procedures governing the obligations and
4 responsibilities of both parties to the contracts. Each contract
5 with a CMHSP or PIHP that the department is authorized to enter
6 into under this subsection shall include a provision that the
7 contract is not valid unless the total dollar obligation for all of
8 the contracts between the department and the CMHSPs or PIHPs
9 entered into under this subsection for the current fiscal year does
10 not exceed the amount of money appropriated in part 1 for the
11 contracts authorized under this subsection.

12 (2) The department shall immediately report to the senate and
13 house appropriations subcommittees on community health, the senate
14 and house fiscal agencies, and the state budget director if either
15 of the following occurs:

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

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

20 (3) The report required by subsection (2) shall include
21 information about the changes and their effects on rates and
22 expenditures.

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



1 (2) Funds appropriated in part 1 for mental health services
2 for special populations shall not be utilized for services provided
3 to illegal immigrants, fugitive felons, and people who are not
4 residents of this state. The department shall maintain contracts
5 with recipients of multicultural services grants that mandate
6 grantees establish that recipients of services are legally residing
7 in the United States. An exception to the contractual provision
8 will be allowed to address persons presenting with emergent mental
9 health conditions.

10 (3) The department shall require an annual report from the
11 independent organizations that receive mental health services for
12 special populations funding. The annual report shall include
13 specific information on services and programs provided, the client
14 base to which the services and programs were provided, and the
15 expenditures for those services. The department shall provide the
16 annual reports to the senate and house appropriations subcommittees
17 on community health and the senate and house fiscal agencies.

18 Sec. 404. (1) Not later than May 31 of the current fiscal
19 year, the department shall provide a report on the community mental
20 health services programs to the members of the house and senate
21 appropriations subcommittees on community health, the house and
22 senate fiscal agencies, and the state budget director that includes
23 the information required by this section.

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

27 (a) A demographic description of service recipients which,



1 minimally, shall include reimbursement eligibility, client
2 population, age, ethnicity, housing arrangements, and diagnosis.

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

4 (c) Financial information that, minimally, includes a
5 description of funding authorized; expenditures by client group and
6 fund source; and cost information by service category, including
7 administration. Service category includes all department-approved
8 services.

9 (d) Data describing service outcomes that includes, but is not
10 limited to, an evaluation of consumer satisfaction, consumer
11 choice, and quality of life concerns including, but not limited to,
12 housing and employment.

13 (e) Information about access to community mental health
14 services programs that includes, but is not limited to, the
15 following:

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

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

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

21 (g) An analysis of information provided by CMHSPs in response
22 to the needs assessment requirements of the mental health code,
23 1974 PA 258, MCL 330.1001 to 330.2106, including information about
24 the number of persons in the service delivery system who have
25 requested and are clinically appropriate for different services.

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



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

4 (i) The amount of the contract, organized by type of service
5 provided.

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

7 (iii) Administrative costs for services provided to CMHSPs or
8 PIHPs.

9 (j) Information on the community mental health Medicaid
10 managed care program, including, but not limited to, both of the
11 following:

12 (i) Expenditures by each CMHSP or PIHP organized by Medicaid
13 eligibility group, including per eligible individual expenditure
14 averages.

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

17 (k) An estimate of the number of direct care workers in local
18 residential settings and paraprofessional and other nonprofessional
19 direct care workers in settings where skill building, community
20 living supports and training, and personal care services are
21 provided by CMHSPs or PIHPs as of September 30 of the prior fiscal
22 year employed directly or through contracts with provider
23 organizations.

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

27 (4) The department shall take all reasonable actions to ensure

1 that the data required are complete and consistent among all CMHSPs
2 or PIHPs.

3 Sec. 405. (1) It is the intent of the legislature that the
4 employee wage pass-through funded in previous years to the
5 community mental health services programs for direct care workers
6 in local residential settings and for paraprofessional and other
7 nonprofessional direct care workers in settings where skill
8 building, community living supports and training, and personal care
9 services are provided shall continue to be paid to direct care
10 workers.

11 (2) Each CMHSP awarded wage pass-through money from the funds
12 established under subsection (1) shall report on the actual
13 expenditures of the money in the format determined by the
14 department.

15 Sec. 406. (1) The funds appropriated in part 1 for the state
16 disability assistance substance abuse services program shall be
17 used to support per diem room and board payments in substance abuse
18 residential facilities. Eligibility of clients for the state
19 disability assistance substance abuse services program shall
20 include needy persons 18 years of age or older, or emancipated
21 minors, who reside in a substance abuse treatment center.

22 (2) The department shall reimburse all licensed substance
23 abuse programs eligible to participate in the program at a rate
24 equivalent to that paid by the department of human services to
25 adult foster care providers. Programs accredited by department-
26 approved accrediting organizations shall be reimbursed at the
27 personal care rate, while all other eligible programs shall be



1 reimbursed at the domiciliary care rate.

2 Sec. 407. (1) The amount appropriated in part 1 for substance
3 abuse prevention, education, and treatment grants shall be expended
4 for contracting with coordinating agencies. Coordinating agencies
5 shall work with CMHSPs or PIHPs to coordinate care and services
6 provided to individuals with severe and persistent mental illness
7 and substance abuse diagnoses.

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

11 (3) It is the intent of the legislature that the coordinating
12 agencies continue current efforts to collaborate on the delivery of
13 services to those clients with mental illness and substance abuse
14 diagnoses.

15 (4) Coordinating agencies that are located completely within
16 the boundary of a PIHP shall conduct a study of the administrative
17 costs and efficiencies associated with consolidation with that
18 PIHP. If that coordinating agency realizes an administrative cost
19 savings of 5% or greater of their current costs, then that
20 coordinating agency shall initiate discussions regarding a
21 potential merger in accordance with section 6226 of the public
22 health code, 1978 PA 368, MCL 333.6226. The department shall report
23 to the legislature by April 1 of the current fiscal year on any
24 such discussions.

25 (5) From the funds appropriated in part 1 for community
26 substance abuse prevention, education, and treatment programs,
27 \$300,000.00 shall be used to establish a methadone/buprenorphine



1 clinic in a county with a population less than 35,000. The
2 department shall work with a local substance abuse coordinating
3 agency to develop the clinic. The coordinating agency shall serve
4 at least 25 counties.

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

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

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

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

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

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



1 all coordinating agencies.

2 Sec. 409. The funding in part 1 for substance abuse services
3 shall be distributed in a manner that provides priority to service
4 providers that furnish child care services to clients with
5 children.

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

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

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

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



1 substance abuse services.

2 Sec. 414. Medicaid substance abuse treatment services shall be
3 managed by PIHPs pursuant to the centers for Medicare and Medicaid
4 services' approval of Michigan's 1915(b) waiver request submitted
5 under 42 USC 1396n to implement a managed care plan for specialized
6 substance abuse services. The PIHPs shall receive a capitated
7 payment on a per eligible per month basis to assure provision of
8 medically necessary substance abuse services to all beneficiaries
9 who require those services. The PIHPs shall be responsible for the
10 reimbursement of claims for specialized substance abuse services.
11 The PIHPs that are not coordinating agencies may continue to
12 contract with a coordinating agency. Any alternative arrangement
13 must be based on client service needs and have prior approval from
14 the department.

15 Sec. 418. On or before the tenth of each month, the department
16 shall report to the senate and house appropriations subcommittees
17 on community health, the senate and house fiscal agencies, and the
18 state budget director on the amount of funding paid to PIHPs to
19 support the Medicaid managed mental health care program in the
20 preceding month. The information shall include the total paid to
21 each PIHP, per capita rate paid for each eligibility group for each
22 PIHP, and number of cases in each eligibility group for each PIHP,
23 and year-to-date summary of eligibles and expenditures for the
24 Medicaid managed mental health care program.

25 Sec. 424. Each PIHP that contracts with the department to
26 provide services to the Medicaid population shall adhere to the
27 following timely claims processing and payment procedure for claims



1 submitted by health professionals and facilities:

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

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

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

14 Sec. 428. Each PIHP shall provide, from internal resources,
15 local funds to be used as a bona fide part of the state match
16 required under the Medicaid program in order to increase capitation
17 rates for PIHPs. These funds shall not include either state funds
18 received by a CMHSP for services provided to non-Medicaid
19 recipients or the state matching portion of the Medicaid capitation
20 payments made to a PIHP.

21 Sec. 435. A county required under the provisions of the mental
22 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
23 matching funds to a CMHSP for mental health services rendered to
24 residents in its jurisdiction shall pay the matching funds in equal
25 installments on not less than a quarterly basis throughout the
26 fiscal year, with the first payment being made by October 1 of the
27 current fiscal year.



1 Sec. 452. Unless otherwise authorized by law, the department
2 shall not implement retroactively any policy that would lead to a
3 negative financial impact on CMHSPs or PIHPs.

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

16 (2) CMHSPs and PIHPs shall take all necessary steps to ensure
17 that individuals with mental illness, developmental disabilities,
18 or substance abuse issues be placed in the most integrated setting
19 in the quickest amount of time possible if the individual, after
20 being fully informed, chooses freely, and through a person-centered
21 process.

22 Sec. 458. By April 15 of the current fiscal year, the
23 department shall provide an updated plan for implementing each of
24 the recommendations of the Michigan mental health commission made
25 in the commission's report dated October 15, 2004 to the house and
26 senate appropriations subcommittees on community health, the house
27 and senate fiscal agencies, and the state budget director.



1 Sec. 462. The department shall consider the funding formula,
2 measures of the intensity of need across the state, other available
3 entitlement funding, and its state responsibilities in the
4 allocation of funds in the community mental health non-Medicaid
5 services line. By October 15 of the current fiscal year, the
6 department shall provide the current fiscal year funding formula
7 methodology and allocation schedule to the house and senate
8 subcommittees on community health, the house and senate fiscal
9 agencies, and the state budget director.

10 Sec. 463. The department shall use standard program evaluation
11 measures to assess the overall effectiveness of programs provided
12 through coordinating agencies and service providers in reducing and
13 preventing the incidence of substance abuse. The measures
14 established by the department shall be modeled after the program
15 outcome measures and best practice guidelines for the treatment of
16 substance abuse as proposed by the federal substance abuse and
17 mental health services administration.

18 Sec. 468. To foster a more efficient administration of and to
19 integrate care in publicly funded mental health and substance abuse
20 services, the department shall maintain criteria for the
21 incorporation of a city, county, or regional substance abuse
22 coordinating agency into a local community mental health authority
23 that will encourage those city, county, or regional coordinating
24 agencies to incorporate as local community mental health
25 authorities. If necessary, the department may make accommodations
26 or adjustments in formula distribution to address administrative
27 costs related to the maintenance of the criteria under this section



1 and to the incorporation of the additional coordinating agencies
2 into local community mental health authorities provided that all of
3 the following are satisfied:

4 (a) The department provides funding for the administrative
5 costs incurred by coordinating agencies incorporating into
6 community mental health authorities. The department shall not
7 provide more than \$75,000.00 to any coordinating agency for
8 administrative costs.

9 (b) The accommodations or adjustments favor coordinating
10 agencies who voluntarily elect to integrate with local community
11 mental health authorities.

12 (c) The accommodations or adjustments do not negatively affect
13 other coordinating agencies.

14 Sec. 470. (1) For those substance abuse coordinating agencies
15 that have voluntarily incorporated into community mental health
16 authorities and accepted funding from the department for
17 administrative costs incurred pursuant to section 468, the
18 department shall establish written expectations for those CMHSPs,
19 PIHPs, and substance abuse coordinating agencies and counties with
20 respect to the integration of mental health and substance abuse
21 services. At a minimum, the written expectations shall provide for
22 the integration of those services as follows:

23 (a) Coordination and consolidation of administrative functions
24 and redirection of efficiencies into service enhancements.

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

27 (c) Alignment of coordinating agencies and PIHPs boundaries to



1 maximize opportunities for collaboration and integration of
2 administrative functions and clinical activities.

3 (2) By May 1 of the current fiscal year, the department shall
4 report to the house and senate appropriations subcommittees on
5 community health, the house and senate fiscal agencies, and the
6 state budget office on the impact and effectiveness of this section
7 and the status of the integration of mental health and substance
8 abuse services.

9 Sec. 474. The department shall ensure that each contract with
10 a CMHSP or PIHP requires the CMHSP or PIHP to provide each
11 recipient and his or her family with information regarding the
12 different types of guardianship and the alternatives to
13 guardianship. A CMHSP or PIHP shall not, in any manner, attempt to
14 reduce or restrict the ability of a recipient or his or her family
15 from seeking to obtain any form of legal guardianship without just
16 cause.

17 Sec. 480. The department shall provide to the senate and house
18 appropriations subcommittees on community health and the senate and
19 house fiscal agencies by March 30 of the current fiscal year a
20 report on the number and reimbursement cost of atypical
21 antipsychotic prescriptions by each PIHP for Medicaid
22 beneficiaries.

23 Sec. 482. From the funds appropriated in part 1, the
24 department shall continue funding for programs provided by Odyssey
25 house.

26 Sec. 489. The department shall work with the Michigan
27 association of community mental health boards and individual CMHSPs



1 in an effort to mitigate necessary reductions to the community
2 mental health non-Medicaid services line by seeking alternative
3 funding sources.

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

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

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

24 Sec. 491. The department shall explore changes in program
25 policy in the habilitation supports waiver for persons with
26 developmental disabilities that would permit the movement of a slot
27 that has become available to a county that has demonstrated a



1 greater need for the services.

2 Sec. 492. If a CMHSP has entered into an agreement with a
3 county or county sheriff to provide mental health services to the
4 inmates of the county jail, the department shall not prohibit the
5 use of state general fund/general purpose dollars to fund those
6 CMHSPs that provide mental health services to inmates of a county
7 jail.

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

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

16 (2) The department shall continue a revenue recapture project
17 to generate additional revenues from third parties related to cases
18 that have been closed or are inactive. Revenues collected through
19 project efforts shall be used for departmental costs and
20 contractual fees associated with these retroactive collections and
21 to improve ongoing departmental reimbursement management functions.

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

7 Sec. 609. The department shall continue to ban the use of all
8 tobacco products in and on the grounds of state psychiatric
9 facilities. As used in this section, "tobacco product" means a
10 product that contains tobacco and is intended for human
11 consumption, including, but not limited to, cigarettes,
12 noncigarette smoking tobacco, or smokeless tobacco, as those terms
13 are defined in section 2 of the tobacco products tax act, 1993 PA
14 327, MCL 205.422, and cigars.

15 **PUBLIC HEALTH ADMINISTRATION**

16 Sec. 650. The department shall communicate the annual public
17 health consumption advisory for sportfish. The department shall, at
18 a minimum, post the advisory on the Internet and make the
19 information in the advisory available to the clients of the women,
20 infants, and children special supplemental nutrition program.

21 **HEALTH POLICY, REGULATION, AND PROFESSIONS**

22 Sec. 704. The department shall continue to contract with
23 grantees supported through the appropriation in part 1 for the
24 emergency medical services grants and contracts to ensure that a
25 sufficient number of qualified emergency medical services personnel



1 exist to serve rural areas of the state.

2 Sec. 706. When hiring any new nursing home inspectors funded
3 through appropriations in part 1, the department shall make every
4 effort to hire qualified individuals with past experience in the
5 long-term care industry.

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

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

26 Sec. 709. The funds appropriated in part 1 for the Michigan
27 essential health care provider program may also provide loan



1 repayment for dentists that fit the criteria established by part 27
2 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

3 Sec. 710. From the funds appropriated in part 1 for primary
4 care services, an amount not to exceed \$2,172,700.00 is
5 appropriated to enhance the service capacity of the federally
6 qualified health centers and other health centers that are similar
7 to federally qualified health centers.

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

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

23 Sec. 713. The department shall continue support of
24 multicultural agencies that provide primary care services from the
25 funds appropriated in part 1.

26 Sec. 714. The department shall report by April 1 of the
27 current fiscal year to the legislature on the timeliness of nursing



1 facility complaint investigations and the number of allegations
2 that are substantiated on an annual basis. The report shall consist
3 of the number of allegations filed by consumers and the number of
4 facility-reported incidents. The department shall make every effort
5 to contact every complainant and the subject of a complaint during
6 an investigation.

7 Sec. 716. The department shall give priority in investigations
8 of alleged wrongdoing by licensed health care professionals to
9 instances that are alleged to have occurred within 2 years of the
10 initial complaint.

11 Sec. 718. The department shall gather information on its most
12 frequently cited complaint deficiencies for the prior 3 fiscal
13 years. The department shall determine whether there is an increase
14 in the number of citations from 1 year to the next and assess the
15 cause of the increase, if any, and whether education and training
16 of nursing facility staff or department staff is needed. The
17 department will implement any training indicated by the study. The
18 department shall provide the results of the study to the senate and
19 house appropriations subcommittees on community health and the
20 senate and house fiscal agencies by May 1 of the current fiscal
21 year.

22 Sec. 722. A medical professional who was newly accepted into
23 the Michigan essential health provider program in fiscal year 2008-
24 2009 is eligible for 4 years of loan repayments.

25 Sec. 724. From the funds appropriated in part 1 for emergency
26 medical services program state staff, up to \$100.00 may be
27 allocated for the development of a coordinated statewide trauma



1 care system.

2 Sec. 725. From the funds appropriated in part 1 for rural
3 health services, up to \$100.00 may be allocated to support rural
4 health improvement as identified in "Michigan Strategic
5 Opportunities for Rural Health Improvement, A State Rural Health
6 Plan 2008-2012". The department shall make these funds available to
7 rural and micropolitan communities under a competitive bid process.
8 The department shall not allocate more than \$5,000.00 to each rural
9 or micropolitan community under this section. The department shall
10 not allocate funds appropriated under this section unless a 50/50
11 state and local match rate has occurred. The department shall
12 submit a report to the house and senate appropriations
13 subcommittees on community health, house and senate fiscal
14 agencies, and state budget director by April 1 of the current
15 fiscal year on the projects supported by this allocation.

16 Sec. 726. (1) The department shall submit a report by April 1
17 of the current fiscal year to the house and senate appropriations
18 subcommittees on community health, the house and senate fiscal
19 agencies, and the state budget director, on an annual basis, that
20 includes all data on the amount collected from medical marihuana
21 program application and renewal fees along with the cost of
22 administering the medical marihuana program under the Michigan
23 medical marihuana act, 2008 IL 1, MCL 333.26421 to 333.26430.

24 (2) If the required fees are shown to be insufficient to
25 offset all expenses of implementing and administering the medical
26 marihuana program, the department shall review and revise the
27 application and renewal fees accordingly to ensure that all



1 expenses of implementing and administering the medical marihuana
2 program are offset as is permitted under section 5 of the Michigan
3 medical marihuana act, 2008 IL 1, MCL 333.26425.

4 Sec. 727. By March 1 of the current fiscal year, the
5 department shall report to the house and senate appropriations
6 subcommittees on community health, the house and senate fiscal
7 agencies, and the state budget director on the feasibility and cost
8 of outsourcing the medical marihuana program. The report shall
9 include the current projected annual cost of the program and the
10 current projected annual fee revenue. If the report identifies
11 privatization savings of 10% or greater and privatization is
12 allowable under the Michigan medical marihuana act, 2008 IL 1, MCL
13 333.26421 to 333.26430, the department, in consultation with the
14 department of management and budget, shall establish and implement
15 a bid process to identify a private or public contractor to provide
16 management of the medical marihuana program.

17 Sec. 728. The department shall review the current distribution
18 of megavoltage radiation therapy (MRT) services as allowed under
19 the current certificate of need review standards for initiation of
20 MRT service in a rural or micropolitan statistical area or county.
21 If the department determines that there is an access problem for
22 MRT services in those areas, the department shall make
23 recommendations to the certificate of need commission regarding any
24 necessary revisions to those review standards that would allow for
25 the initiation of MRT service in rural or micropolitan statistical
26 areas or counties where the department has determined that there is
27 an access problem.



1 Sec. 729. The department shall identify counties in which
2 there are an insufficient number of health professionals providing
3 obstetrical and gynecological services. In addition, the department
4 shall identify the reasons why there are an insufficient number of
5 health professionals providing obstetrical and gynecological
6 services and identify possible policy or fiscal, or both, measures
7 considered necessary to address the shortage. The department shall
8 submit a report of its findings under this section to the house and
9 senate appropriations subcommittees on community health, house and
10 senate fiscal agencies, and state budget director no later than
11 December 1 of the current fiscal year.

12 Sec. 730. The department shall ensure that any Medicare
13 certification survey authorized by the center for Medicare and
14 Medicaid services (CMS) for the expansion of, or the operation of,
15 a new outpatient end-stage renal disease facility shall be
16 conducted within 120 days after that authorization as allowed by
17 federal rules, regulations, and instructions. The 120 days shall
18 begin when all requirements for the initial certification survey
19 have been fulfilled, including approval of the CMS application,
20 issuance of the CMS-855 by national government services, state
21 approval for occupancy, and provision of care for at least 3
22 patients for 1 complete week.

23 **INFECTIOUS DISEASE CONTROL**

24 Sec. 801. In the expenditure of funds appropriated in part 1
25 for AIDS programs, the department and its subcontractors shall
26 ensure that high-risk individuals ages 9 through 18 receive



1 priority for prevention, education, and outreach services.

2 Sec. 803. The department shall continue the AIDS drug
3 assistance program maintaining the prior year eligibility criteria
4 and drug formulary. This section does not prohibit the department
5 from providing assistance for improved AIDS treatment medications.
6 If the appropriation in part 1 or actual revenue is not sufficient
7 to maintain the prior year eligibility criteria and drug formulary,
8 the department may revise the eligibility criteria and drug
9 formulary in a manner that is consistent with federal program
10 guidelines.

11 Sec. 804. The department, in conjunction with efforts to
12 implement the Michigan prisoner reentry initiative, shall cooperate
13 with the department of corrections to share data and information as
14 they relate to prisoners being released who are HIV positive or
15 positive for the hepatitis C antibody.

16 **EPIDEMIOLOGY**

17 Sec. 851. The department shall provide a report annually to
18 the house and senate appropriations subcommittees on community
19 health, the senate and house fiscal agencies, and the state budget
20 director on the expenditures and activities undertaken by the lead
21 abatement program. The report shall include, but is not limited to,
22 a funding allocation schedule, expenditures by category of
23 expenditure and by subcontractor, revenues received, description of
24 program elements, and description of program accomplishments and
25 progress.



1 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

2 Sec. 901. The amount appropriated in part 1 for implementation
3 of the 1993 additions of or amendments to sections 9161, 16221,
4 16226, 17014, 17015, and 17515 of the public health code, 1978 PA
5 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and
6 333.17515, shall be used to reimburse local health departments for
7 costs incurred related to implementation of section 17015(18) of
8 the public health code, 1978 PA 368, MCL 333.17015.

9 Sec. 902. If a county that has participated in a district
10 health department or an associated arrangement with other local
11 health departments takes action to cease to participate in such an
12 arrangement after October 1 of the current fiscal year, the
13 department shall have the authority to assess a penalty from the
14 local health department's operational accounts in an amount equal
15 to no more than 6.25% of the local health department's local public
16 health operations funding. This penalty shall only be assessed to
17 the local county that requests the dissolution of the health
18 department.

19 Sec. 904. (1) Funds appropriated in part 1 for local public
20 health operations shall be prospectively allocated to local health
21 departments to support immunizations, infectious disease control,
22 sexually transmitted disease control and prevention, hearing
23 screening, vision services, food protection, public water supply,
24 private groundwater supply, and on-site sewage management. Food
25 protection shall be provided in consultation with the department of
26 agriculture. Public water supply, private groundwater supply, and
27 on-site sewage management shall be provided in consultation with



1 the department of natural resources and environment.

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

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

8 (4) By April 1 of the current fiscal year, the department
9 shall make available a report to the senate and house
10 appropriations subcommittees on community health, the senate and
11 house fiscal agencies, and the state budget director on the planned
12 allocation of the funds appropriated for local public health
13 operations.

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

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

19 (2) For purposes of complying with 2004 PA 164, \$100,000.00 of
20 the funds appropriated in part 1 for the smoking prevention program
21 shall be used for the quit kit program that includes the nicotine
22 patch or nicotine gum.

23 Sec. 1007. (1) The funds appropriated in part 1 for violence
24 prevention may be used for programs aimed at the prevention of
25 spouse, partner, or child abuse and rape.

26 (2) In awarding grants from the amounts appropriated in part 1



1 for violence prevention, the department shall give equal
2 consideration to public and private nonprofit applicants.

3 Sec. 1008. From the funds appropriated in part 1 for the
4 diabetes and kidney program, the department may allocate up to
5 \$25,000.00 for a diabetes management pilot project in Muskegon
6 County.

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

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

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

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

25 Sec. 1101. The department shall review the basis for the
26 distribution of funds to local health departments and other public



1 and private agencies for the women, infants, and children food
2 supplement program; family planning; and prenatal care outreach and
3 service delivery support program and indicate the basis upon which
4 any projected underexpenditures by local public and private
5 agencies shall be reallocated to other local agencies that
6 demonstrate need.

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

15 (a) Funding allocations.

16 (b) Actual number of women, children, and adolescents served
17 and amounts expended for each group for the immediately preceding
18 fiscal year.

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

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

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



1 Sec. 1105. For all family, maternal, and children's health
2 services programs for which an appropriation is made in part 1, the
3 department shall contract with those local agencies best able to
4 serve clients. Factors to be used by the department in evaluating
5 agencies under this section include the ability to serve high-risk
6 population groups; ability to provide access to individuals in need
7 of services in rural communities; ability to serve low-income
8 clients, where applicable; availability of, and access to, service
9 sites; management efficiency; and ability to meet federal
10 standards, when applicable.

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

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

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

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



1 committees on health policy the number of individual patients
2 treated, number of procedures performed, and approximate total
3 market value of those procedures from the immediately preceding
4 fiscal year.

5 Sec. 1110. An agency that currently receives pregnancy
6 prevention funds and either receives or is eligible for other
7 family planning funds shall have the option of receiving all of its
8 family planning funds directly from the department and be
9 designated as a delegate agency.

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

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

18 Sec. 1117. Contingent upon the availability of federal or
19 state restricted funds, the department may pursue efforts to reduce
20 the incidence of stillbirth. Efforts shall include the
21 establishment of a program to increase public awareness of
22 stillbirth, promote education to monitor fetal movements counting
23 kicks, promote a uniform definition of stillbirth, standardize data
24 collection of stillbirths, and collaborate with appropriate federal
25 agencies and statewide organizations. The department shall seek
26 federal or other grant funds to assist in implementing this
27 program.



1 Sec. 1129. The department shall provide a report annually to
2 the house and senate appropriations subcommittees on community
3 health, the house and senate fiscal agencies, and the state budget
4 director on the number of children with elevated blood lead levels
5 from information available to the department. The report shall
6 provide the information by county, shall include the level of blood
7 lead reported, and shall indicate the sources of the information.

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

11 Sec. 1135. (1) Provision of the school health education
12 curriculum, such as the Michigan model for health or another
13 comprehensive school health education curriculum, shall be in
14 accordance with the health education goals established by the
15 Michigan model steering committee. The steering committee shall be
16 composed of a representative from each of the following offices and
17 departments:

18 (a) The department of education.

19 (b) The department of community health.

20 (c) The health administration in the department of community
21 health.

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

24 (e) The department of human services.

25 (f) The department of state police.

26 (2) Upon written or oral request, a pupil not less than 18
27 years of age or a parent or legal guardian of a pupil less than 18



1 years of age, within a reasonable period of time after the request
2 is made, shall be informed of the content of a course in the health
3 education curriculum and may examine textbooks and other classroom
4 materials that are provided to the pupil or materials that are
5 presented to the pupil in the classroom. This subsection does not
6 require a school board to permit pupil or parental examination of
7 test questions and answers, scoring keys, or other examination
8 instruments or data used to administer an academic examination.

9 Sec. 1137. From the funds appropriated in part 1 for special
10 projects, up to \$100.00 may be allocated to support an Alzheimer's
11 disease patient care training program involving a community college
12 and a retirement community.

13 Sec. 1138. From the funds appropriated in part 1 for special
14 projects, up to \$100.00 shall be allocated to the Ele's Place
15 organization in Lansing.

16 Sec. 1139. From the funds appropriated in part 1 for prenatal
17 care outreach and service delivery support, the department shall
18 fund the nurse family partnership program.

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

20 Sec. 1151. The department may work with local participating
21 agencies to define local annual contributions for the farmer's
22 market nutrition program, project FRESH, to enable the department
23 to request federal matching funds based on local commitment of
24 funds.

25 Sec. 1153. The department shall ensure that individuals
26 residing in rural communities have sufficient access to the



1 services offered through the WIC program.

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

3 Sec. 1201. Funds appropriated in part 1 for medical care and
4 treatment of children with special health care needs shall be paid
5 according to reimbursement policies determined and published by the
6 Michigan medical services administration.

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

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

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

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

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

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

21 Sec. 1204. (1) Children who are determined medically eligible
22 for and enroll in the children's special health care services
23 program and who also have Medicaid will have the option to enroll
24 in a Medicaid health plan and have their care co-managed by the
25 children's special health care services program.

26 (2) The department shall work with the Michigan association of



1 health plans to identify a feasible method for reimbursing Medicaid
2 health plans for the children's special health care services
3 program. The department shall report the results of this effort to
4 the senate and house appropriations subcommittees on community
5 health and the senate and house fiscal agencies by April 1 of the
6 current fiscal year.

7 Sec. 1205. If the department determines that a family
8 currently enrolled in the children's special health care services
9 program is likely to qualify for Medicaid or MIChild coverage, the
10 department shall request that the family complete the healthy kids
11 application within 3 months after such request is made by the
12 department. If the family fails or refuses to complete the healthy
13 kids application within 3 months of the request, then the
14 department shall deem the family ineligible for participation in
15 the children's special health care services program.

16 **CRIME VICTIM SERVICES COMMISSION**

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

23 Sec. 1304. The department shall work with the department of
24 state police, the Michigan health and hospital association, the
25 Michigan state medical society, and the Michigan nurses association
26 to ensure that the recommendations included in the "Standard



1 Recommended Procedures for the Emergency Treatment of Sexual
2 Assault Victims" are followed in the collection of evidence.

3 **OFFICE OF SERVICES TO THE AGING**

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

9 Sec. 1403. (1) The office of services to the aging shall
10 require each region to report to the office of services to the
11 aging and to the legislature home-delivered meals waiting lists
12 based upon standard criteria. Determining criteria shall include
13 all of the following:

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

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

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

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

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

24 Sec. 1404. The area agencies on aging and local providers may
25 receive and expend fees for the provision of day care, care
26 management, respite care, and certain eligible home- and community-



1 based services. The fees shall be based on a sliding scale, taking
2 client income into consideration. The fees shall be used to
3 maintain or expand services, or both.

4 Sec. 1406. The appropriation of \$4,468,700.00 of merit award
5 trust funds to the office of services to the aging for the respite
6 care program shall be allocated in accordance with a long-term care
7 plan developed by the long-term care working group established in
8 section 1657 of 1998 PA 336 upon implementation of the plan. The
9 use of the funds shall be for direct respite care or adult respite
10 care center services. Not more than 9% of the amount allocated
11 under this section shall be expended for administration and
12 administrative purposes.

13 Sec. 1413. Local counties may request to change membership in
14 the area agencies on aging if the change is to an area agency on
15 aging that is contiguous to that county pursuant to office of
16 services to the aging policies and procedures for area agency on
17 aging designation. The office of services to the aging shall adjust
18 allocations to area agencies on aging to account for any changes in
19 county membership. The office of services to the aging shall ensure
20 annually that county boards of commissioners are aware that county
21 membership in area agencies on aging can be changed subject to
22 office of services to the aging policies and procedures for area
23 agency on aging designation.

24 Sec. 1417. The department shall provide to the senate and
25 house appropriations subcommittees on community health, senate and
26 house fiscal agencies, and state budget director a report by March
27 30 of the current fiscal year that contains all of the following:



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

3 (b) Detail expenditure by each area agency on aging by
4 individual program and administration including both state-funded
5 resources and locally funded resources.

6 Sec. 1418. From the funds appropriated in part 1 for nutrition
7 services, the department shall maximize funding for home-delivered
8 meals to the extent allowable under federal law and regulation.

9 MEDICAL SERVICES

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

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

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

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

26 (3) The premiums described in this section shall be classified



1 as private funds.

2 Sec. 1604. (1) A Medicaid recipient shall remain eligible and
3 a qualifying applicant shall be determined eligible for medical
4 assistance during a period of incarceration or detention. Medicaid
5 coverage is limited during such a period to off-site inpatient
6 hospitalization only.

7 (2) A Medicaid recipient is considered incarcerated or
8 detained until released on bail, released as not guilty, released
9 on parole, released on probation, released on pardon, released upon
10 completing a sentence, or released under home detention or tether.

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

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

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

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



1 qualified as described in this subsection shall be allowed to
2 select or remain with the Medicaid participating obstetrician of
3 her choice.

4 (2) An applicant qualified as described in subsection (1)
5 shall be given a letter of authorization to receive Medicaid
6 covered services related to her pregnancy. All qualifying
7 applicants shall be entitled to receive all medically necessary
8 obstetrical and prenatal care without preauthorization from a
9 health plan. All claims submitted for payment for obstetrical and
10 prenatal care shall be paid at the Medicaid fee-for-service rate in
11 the event a contract does not exist between the Medicaid
12 participating obstetrical or prenatal care provider and the managed
13 care plan. The applicant shall receive a listing of Medicaid
14 physicians and managed care plans in the immediate vicinity of the
15 applicant's residence.

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

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



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

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

7 (7) The department shall encourage physicians to provide
8 women, whose qualifying condition for Medicaid is pregnancy, with a
9 referral to a Medicaid participating dentist at the first
10 pregnancy-related appointment.

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

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



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

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

9 Sec. 1620. (1) For fee-for-service recipients who do not
10 reside in nursing homes, the pharmaceutical dispensing fee shall be
11 \$2.75 or the pharmacy's usual or customary cash charge, whichever
12 is less. For nursing home residents, the pharmaceutical dispensing
13 fee shall be \$3.00 or the pharmacy's usual or customary cash
14 charge, whichever is less.

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

19 (3) It is the intent of the legislature that if the department
20 realizes savings as a result of the implementation of average
21 manufacturer's price for reimbursement of multiple source generic
22 medication dispensing as imposed pursuant to the federal deficit
23 reduction act of 2005, Public Law 109-171, the savings shall be
24 returned to pharmacies in the form of an increased dispensing fee
25 for medications not to exceed \$2.00. The savings shall be
26 calculated as the difference in state expenditure between the
27 current methodology of payment, which is maximum allowable cost,



1 and the proposed new reimbursement method of average manufacturer's
2 price.

3 Sec. 1621. The department may implement prospective drug
4 utilization review and disease management systems. The prospective
5 drug utilization review, a pharmacist-approved medication therapy
6 program, and disease management systems authorized by this section
7 shall have physician oversight; focus on patient, physician, and
8 pharmacist education; and be developed in consultation with the
9 national pharmaceutical council, Michigan state medical society,
10 Michigan osteopathic association, Michigan pharmacists association,
11 Michigan health and hospital association, and Michigan nurses
12 association.

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

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

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

25 Sec. 1627. (1) The department shall use procedures and rebates
26 amounts specified under section 1927 of title XIX, 42 USC 1396r-8,
27 to secure quarterly rebates from pharmaceutical manufacturers for



1 outpatient drugs dispensed to participants in the MICHild program,
2 maternal outpatient medical services program, and children's
3 special health care services.

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

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

11 Sec. 1630. Medicaid coverage for adult dental and podiatric
12 services shall continue at not less than the level in effect on
13 October 1, 2002, except that reasonable utilization limitations may
14 be adopted in order to prevent excess utilization.

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

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

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

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

24 (c) Fifty dollars for the first day of an inpatient hospital
25 stay.

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

27 Sec. 1635. From the funds appropriated in part 1 for physician



1 services and health plan services, the department shall continue
2 the increase in Medicaid reimbursement rates for obstetrical
3 services implemented in fiscal year 2005-2006.

4 Sec. 1636. From the funds appropriated in part 1 for physician
5 services and health plan services, the department shall continue
6 the increase in Medicaid reimbursement rates for physician well
7 child procedure codes and primary care procedure codes implemented
8 in fiscal year 2006-2007 and fiscal year 2008-2009. The increased
9 reimbursement rates in this section shall not exceed the comparable
10 Medicare payment rate for the same services.

11 Sec. 1637. (1) All adult Medicaid recipients shall be offered
12 the opportunity to sign a Medicaid personal responsibility
13 agreement.

14 (2) The personal responsibility agreement shall include at
15 minimum the following provisions:

16 (a) That the recipient shall not smoke.

17 (b) That the recipient shall attend all scheduled medical
18 appointments.

19 (c) That the recipient shall exercise regularly.

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

22 (e) That the recipient shall abstain from abusing controlled
23 substances and narcotics.

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



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

3 Sec. 1643. Of the funds appropriated in part 1 for graduate
4 medical education in the hospital services and therapy line-item
5 appropriation, not less than \$12,585,400.00 shall be allocated for
6 the psychiatric residency training program that establishes and
7 maintains collaborative relations with the schools of medicine at
8 Michigan State University and Wayne State University if the
9 necessary allowable Medicaid matching funds are provided by the
10 universities.

11 Sec. 1647. From the funds appropriated in part 1 for medical
12 services, the department shall allocate for graduate medical
13 education not less than the level of rates and payments in effect
14 on April 1, 2005.

15 Sec. 1648. The department shall maintain and make available an
16 online resource to enable medical providers to obtain enrollment
17 and benefit information of Medicaid recipients. There shall be no
18 charge to providers for the use of the online resource.

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



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

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

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

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

27 (2) The department shall not amend the medical services



1 hospice manual in a manner that would allow hospice services to be
2 provided without making available all comprehensive hospice
3 services described in 42 CFR part 418.

4 Sec. 1652. Any new contracts with Medicaid health plans
5 negotiated or signed, or both, during the current fiscal year shall
6 include the following provisions regarding expansion of services by
7 the Medicaid HMOs to counties not previously served by that
8 Medicaid HMO:

9 (a) The Medicaid HMO shall not sell, transfer, or otherwise
10 convey to any person all or any portion of the HMO's assets or
11 business, whether in the form of equity, debt or otherwise, for a
12 period of 3 years from the date the Medicaid HMO commences
13 operations in a new service area.

14 (b) That any Medicaid HMOs that expand into a county with a
15 population of at least 1,500,000 shall also expand its coverage to
16 a county with a population of less than 100,000 which has 1 or
17 fewer HMOs participating in the Medicaid program.

18 Sec. 1653. Implementation and contracting for managed care by
19 the department through HMOs shall be subject to the following
20 conditions:

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

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

27 (c) Mandatory enrollment of Medicaid beneficiaries living in



1 counties defined as rural by the federal government, which is any
2 nonurban standard metropolitan statistical area, is allowed if
3 there is only 1 HMO serving the Medicaid population, as long as
4 each Medicaid beneficiary is assured of having a choice of at least
5 2 physicians by the HMO.

6 (d) Enrollment of recipients of children's special health care
7 services in HMOs shall continue to be voluntary for those enrolled
8 in the children's special health care services program. Children's
9 special health care services recipients shall be informed of the
10 opportunity to enroll in HMOs.

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

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

23 Sec. 1654. Medicaid HMOs shall provide for reimbursement of
24 HMO covered services delivered other than through the HMO's
25 providers if medically necessary and approved by the HMO,
26 immediately required, and that could not be reasonably obtained
27 through the HMO's providers on a timely basis. Such services shall



1 be considered approved if the HMO does not respond to a request for
2 authorization within 24 hours of the request. Reimbursement shall
3 not exceed the Medicaid fee-for-service payment for those services.

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

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

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

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

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 must receive authorization
2 from the recipient's HMO prior to admitting the recipient.

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

8 Sec. 1658. (1) HMOs shall have contracts with hospitals within
9 a reasonable distance from their enrollees. If a hospital does not
10 contract with the HMO in its service area, that hospital shall
11 enter into a hospital access agreement as specified in the Medical
12 Services Administration Bulletin Hospital 01-19.

13 (2) A hospital access agreement specified in subsection (1)
14 shall be considered an affiliated provider contract pursuant to the
15 requirements contained in chapter 35 of the insurance code of 1956,
16 1956 PA 218, MCL 500.3501 to 500.3580.

17 Sec. 1659. The following sections of this act are the only
18 ones that shall apply to the following Medicaid managed care
19 programs, including the comprehensive plan, MIChoice long-term care
20 plan, and the mental health, substance abuse, and developmentally
21 disabled services program: 271, 401, 402, 404, 411, 414, 418, 424,
22 428, 456, 474, 1204, 1607, 1650, 1651, 1652, 1653, 1654, 1655,
23 1656, 1657, 1660, 1661, 1662, 1679, 1681, 1684, 1688, 1689, 1690,
24 1699, 1711, 1739, 1740, 1752, 1756, 1764, 1772, 1783, 1815, 1816,
25 1819, 1820, 1821, 1822, 1824, and 1845.

26 Sec. 1660. (1) The department shall assure that all Medicaid
27 children have timely access to EPSDT services as required by



1 federal law. Medicaid HMOs shall provide EPSDT services to their
2 child members in accordance with Medicaid EPSDT policy.

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

14 (3) The department shall prohibit HMOs from requiring prior
15 authorization of their contracted providers for any EPSDT screening
16 and diagnosis services.

17 (4) The department shall require HMOs to be responsible for
18 well child visits as described in Medicaid policy. These
19 responsibilities shall be specified in the information distributed
20 by the HMOs to their members.

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

24 Sec. 1661. (1) The department shall assure that all Medicaid
25 eligible children and pregnant women have timely access to MIHP
26 services. Medicaid HMOs shall assure that MIHP screening is
27 available to their pregnant members and that those women found to



1 meet the MIHP high-risk criteria are offered maternal support
2 services. Local health departments shall assure that MIHP screening
3 is available for Medicaid pregnant women and that those women found
4 to meet the MIHP high-risk criteria are offered MIHP services or
5 are referred to a certified MIHP provider.

6 (2) The department shall require HMOs to be responsible for
7 the coordination of MIHP services as described in Medicaid policy.
8 These responsibilities shall be specified in the information
9 distributed by the HMOs to their members.

10 (3) The department shall assure the coordination of MIHP
11 services with the WIC program, state-supported substance abuse,
12 smoking prevention, and violence prevention programs, the
13 department of human services, and any other state or local program
14 with a focus on preventing adverse birth outcomes and child abuse
15 and neglect.

16 (4) The department shall provide, on an annual basis, budget-
17 neutral incentives to Medicaid HMOs and local health departments to
18 improve performance on measures related to the care of pregnant
19 women.

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

25 (2) The department shall require Medicaid HMOs to provide
26 EPSDT utilization data through the encounter data system, and
27 health employer data and information set well child health measures



1 in accordance with the National Committee on Quality Assurance
2 prescribed methodology.

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

10 (4) The department shall work with the Michigan association of
11 health plans and the Michigan association for local public health
12 to improve service delivery and coordination in the MIHP and EPSDT
13 programs.

14 (5) The department shall assure that training and technical
15 assistance are available for EPSDT and MIHP for Medicaid health
16 plans, local health departments, and MIHP contractors.

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



1 based private health care program.

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

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

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

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

23 (a) "Dental care corporation", "health care corporation",
24 "insurer", and "prudent purchaser agreement" mean those terms as
25 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
26 550.52.

27 (b) "Entity" means a health care corporation or insurer



1 operating in accordance with a prudent purchaser agreement.

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

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

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

14 (9) The department shall develop an automatic enrollment
15 algorithm that is based on quality and performance factors.

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

22 Sec. 1673. The department may establish premiums for MICHild
23 eligible persons in families with income above 150% of the federal
24 poverty level. The monthly premiums shall not be less than \$10.00
25 or exceed \$15.00 for a family.

26 Sec. 1677. The MICHild program shall provide all benefits
27 available under the state employee insurance plan that are



1 delivered through contracted providers and consistent with federal
2 law, including, but not limited to, the following medically
3 necessary services:

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

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

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

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

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

18 (f) Care management services for mental health diagnoses.

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

21 (h) Emergency ambulance services.

22 Sec. 1678. If a child meets the income eligibility criteria
23 for free breakfast, lunch, or milk as determined under the Richard
24 B. Russell national school lunch act, Public Law 79-396, the
25 department shall automatically enroll the child in MICHild.

26 Sec. 1679. The department shall redetermine the mental health
27 portion of the rates paid for the MICHild program based on the most



1 recently available encounter data for MIChild enrollees. From the
2 funds appropriated in part 1, the department shall pay CMHSPs rates
3 sufficient to cover the cost of providing care to MIChild
4 enrollees.

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

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

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

21 (2) In addition to the appropriations in part 1, the
22 department is authorized to receive and spend penalty money
23 received as the result of noncompliance with medical services
24 certification regulations. Penalty money, characterized as private
25 funds, received by the department shall increase authorizations and
26 allotments in the long-term care accounts.

27 (3) The department is authorized to provide civil monetary



1 penalty funds to the disability network of Michigan to be
2 distributed to the 15 centers for independent living for the
3 purpose of assisting individuals with disabilities who reside in
4 nursing homes to return to their own homes.

5 (4) The department is authorized to use civil monetary penalty
6 funds to conduct a survey evaluating consumer satisfaction and the
7 quality of care at nursing homes. Factors can include, but are not
8 limited to, the level of satisfaction of nursing home residents,
9 their families, and employees. The department may use an
10 independent contractor to conduct the survey.

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

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

23 Sec. 1684. The department shall submit a report by September
24 30 of the current fiscal year to the house and senate
25 appropriations subcommittees on community health, the house and
26 senate fiscal agencies, and the state budget director that will
27 identify by waiver agent, Medicaid home- and community-based



1 services waiver costs by administration, case management, and
2 direct services.

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

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

20 Sec. 1689. (1) Priority in enrolling additional persons in the
21 Medicaid home- and community-based services waiver program shall be
22 given to those who are currently residing in nursing homes or who
23 are eligible to be admitted to a nursing home if they are not
24 provided home- and community-based services. The department shall
25 use screening and assessment procedures to assure that no
26 additional Medicaid eligible persons are admitted to nursing homes
27 who would be more appropriately served by the Medicaid home- and



1 community-based services waiver program.

2 (2) Within 60 days of the end of each fiscal year, the
3 department shall provide a report to the senate and house
4 appropriations subcommittees on community health and the senate and
5 house fiscal agencies that details existing and future allocations
6 for the home- and community-based services waiver program by
7 regions as well as the associated expenditures. The report shall
8 include information regarding the net cost savings from moving
9 individuals from a nursing home to the home- and community-based
10 services waiver program, the number of individuals transitioned
11 from nursing homes to the home- and community-based services waiver
12 program, the number of individuals on waiting lists by region for
13 the program, and the amount of funds transferred during the fiscal
14 year. The report shall also include the number of Medicaid
15 individuals served and the number of days of care for the home- and
16 community-based services waiver program and in nursing homes.

17 (3) The department shall develop a system to collect and
18 analyze information regarding individuals on the home- and
19 community-based services waiver program waiting list to identify
20 the community supports they receive, including, but not limited to,
21 adult home help, food assistance, and housing assistance services
22 and to determine the extent to which these community supports help
23 individuals remain in their home and avoid entry into a nursing
24 home. The department shall provide a progress report on
25 implementation to the senate and house appropriations subcommittees
26 on community health and the senate and house fiscal agencies by
27 June 1 of the current fiscal year.



1 (4) The department shall maintain any policies, guidelines,
2 procedures, standards, and regulations in order to limit the self-
3 determination option with respect to the home- and community-based
4 services waiver program to those services furnished by approved
5 home-based service providers meeting provider qualifications
6 established in the waiver and approved by the centers for Medicare
7 and Medicaid services.

8 Sec. 1690. (1) The department shall submit a report to the
9 house and senate appropriations subcommittees on community health,
10 the house and senate fiscal agencies, and the state budget director
11 by April 1 of the current fiscal year, to include all data
12 collected on the quality assurance indicators in the preceding
13 fiscal year for the home- and community-based services waiver
14 program, as well as quality improvement plans and data collected on
15 critical incidents in the waiver program and their resolutions.

16 (2) The department shall submit a report to the house and
17 senate appropriations subcommittees on community health, the house
18 and senate fiscal agencies, and the state budget director by April
19 1 of the current fiscal year, to include all data collected on the
20 quality assurance indicators in the preceding fiscal year for the
21 adult home help program, as well as quality improvement plans and
22 data collected on critical incidents in the adult home help program
23 and their resolutions.

24 Sec. 1691. Payment increases provided in previous years to
25 adult home help workers shall be continued.

26 Sec. 1692. (1) The department is authorized to pursue
27 reimbursement for eligible services provided in Michigan schools



1 from the federal Medicaid program. The department and the state
2 budget director are authorized to negotiate and enter into
3 agreements, together with the department of education, with local
4 and intermediate school districts regarding the sharing of federal
5 Medicaid services funds received for these services. The department
6 is authorized to receive and disburse funds to participating school
7 districts pursuant to such agreements and state and federal law.

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

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

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

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

18 Sec. 1693. The special Medicaid reimbursement appropriation in
19 part 1 may be increased if the department submits a medical
20 services state plan amendment pertaining to this line item at a
21 level higher than the appropriation. The department is authorized
22 to appropriately adjust financing sources in accordance with the
23 increased appropriation.

24 Sec. 1694. The department shall distribute \$1,122,300.00 to an
25 academic health care system that includes a children's hospital
26 that has a high indigent care volume.

27 Sec. 1697. (1) As may be allowed by federal law or regulation,



1 the department may use funds provided by a local or intermediate
2 school district, which have been obtained from a qualifying health
3 system, as the state match required for receiving federal Medicaid
4 or children health insurance program funds. Any such funds received
5 shall be used only to support new school-based or school-linked
6 health services.

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

12 Sec. 1699. (1) The department may make separate payments
13 directly to qualifying hospitals serving a disproportionate share
14 of indigent patients in the amount of \$50,000,000.00, and to
15 hospitals providing graduate medical education training programs.
16 If direct payment for GME and DSH is made to qualifying hospitals
17 for services to Medicaid clients, hospitals will not include GME
18 costs or DSH payments in their contracts with HMOs.

19 (2) The department shall allocate \$45,000,000.00 in
20 disproportionate share hospital funding using the distribution
21 methodology used in fiscal year 2003-2004.

22 (3) The department shall allocate \$5,000,000.00 in
23 disproportionate share hospital funding to unaffiliated hospitals
24 and hospital systems that received less than \$900,000.00 in
25 disproportionate share hospital payments in fiscal year 2007-2008
26 based on a formula that is weighted proportional to the product of
27 each eligible system's Medicaid revenue and each eligible system's



1 Medicaid utilization, except that no payment of less than \$1,000.00
2 shall be made.

3 (4) By September 30 of the current fiscal year, the department
4 shall report to the senate and house appropriations subcommittees
5 on community health and the senate and house fiscal agencies on the
6 new distribution of funding to each eligible hospital from the 2
7 pools.

8 Sec. 1711. The department shall maintain the 2-tier
9 reimbursement methodology for Medicaid emergency physicians
10 professional services that was in effect on September 30, 2002.

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

19 (2) Except as otherwise specified in this section, "rural"
20 means a county, city, village, or township with a population of not
21 more than 30,000, including those entities if located within a
22 metropolitan statistical area.

23 Sec. 1718. The department shall provide each Medicaid adult
24 home help beneficiary or applicant with the right to a fair hearing
25 when the department or its agent reduces, suspends, terminates, or
26 denies adult home help services. If the department takes action to
27 reduce, suspend, terminate, or deny adult home help services, it



1 shall provide the beneficiary or applicant with a written notice
2 that states what action the department proposes to take, the
3 reasons for the intended action, the specific regulations that
4 support the action, and an explanation of the beneficiary's or
5 applicant's right to an evidentiary hearing and the circumstances
6 under which those services will be continued if a hearing is
7 requested.

8 Sec. 1724. The department shall allow licensed pharmacies to
9 purchase injectable drugs for the treatment of respiratory
10 syncytial virus for shipment to physicians' offices to be
11 administered to specific patients. If the affected patients are
12 Medicaid eligible, the department shall reimburse pharmacies for
13 the dispensing of the injectable drugs and reimburse physicians for
14 the administration of the injectable drugs.

15 Sec. 1731. The department shall continue an asset test to
16 determine Medicaid eligibility for individuals who are parents,
17 caretaker relatives, or individuals between the ages of 18 and 21
18 and who are not required to be covered under federal Medicaid
19 requirements.

20 Sec. 1732. The department shall assure that, if proposed
21 modifications to the quality assurance assessment program for
22 nursing homes are not implemented, the projected general
23 fund/general purpose savings shall not be achieved through
24 reductions in nursing home reimbursement rates.

25 Sec. 1734. The department shall seek federal money for
26 demonstration programs that will permit this state to provide
27 financial incentives for positive health behavior practiced by



1 Medicaid recipients, including, but not limited to, consumer-driven
2 strategies that enable Medicaid recipients to choose coverage that
3 meets their individual needs and that authorize monetary or other
4 rewards for demonstrating positive health behavior changes.

5 Sec. 1739. The department shall continue the contractor
6 performance bonus program for Medicaid health plans. The contractor
7 performance bonus program may include indicators based on the
8 prevalent and chronic conditions affecting the Medicaid population
9 and indicators of preventive health status for adults and children.

10 Sec. 1740. From the funds appropriated in part 1 for health
11 plan services, the department shall assure that all GME funds
12 continue to be promptly distributed to qualifying hospitals using
13 the methodology developed in consultation with the graduate medical
14 education advisory group during fiscal year 2006-2007.

15 Sec. 1741. The department shall continue to provide nursing
16 homes the opportunity to receive interim payments upon their
17 request. The department shall make efforts to ensure that the
18 interim payments are as similar to expected cost-settled payments
19 as possible.

20 Sec. 1752. The department shall provide a Medicaid health plan
21 with any information that may assist the Medicaid health plan in
22 determining whether another party may be responsible, in whole or
23 in part, for the payment of health benefits.

24 Sec. 1756. The department shall establish and implement a
25 specialized case and care management program to serve the most
26 costly Medicaid beneficiaries who are noncompliant with medical
27 management, including persons with chronic diseases and mental



1 health diagnoses, high prescription drug utilizers, members
2 demonstrating noncompliance with previous medical management, and
3 neonates. The case and care management program shall, at a minimum,
4 provide a performance payment incentive for physicians who manage
5 the recipient's care and health costs in the most effective way.
6 The department may also develop additional contractual arrangements
7 with 1 or more Medicaid HMOs for the provision of specialized case
8 management services. Contracts with Medicaid HMOs may include
9 provisions requiring collection of data related to Medicaid
10 recipient compliance. Measures of patient compliance may include
11 the proportion of clients who fill their prescriptions, the rate of
12 clients who do not show for scheduled medical appointments, and the
13 proportion of clients who use their medication.

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

20 Sec. 1767. The department shall study and evaluate the impact
21 of the change in the way in which the Medicaid program pays
22 pharmacists for prescriptions from average wholesale price to
23 average manufacturer price as required by the federal deficit
24 reduction act of 2005, Public Law 109-171. Upon release of the data
25 by the centers for Medicare and Medicaid services, the department
26 shall submit a report of its study to the senate and house
27 appropriations subcommittees on community health and the senate and



1 house fiscal agencies. If the department finds that there is a
2 negative impact on the pharmacists, the department shall reexamine
3 the current pharmaceutical dispensing fee structure established
4 under section 1620 and include in the report recommendations and
5 proposals to counter the negative impact of that federal
6 legislation.

7 Sec. 1770. In conjunction with the consultation requirements
8 of the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, and
9 except as otherwise provided in this section, the department shall
10 attempt to make the effective date for a proposed Medicaid policy
11 bulletin or adjustment to the Medicaid provider manual on October
12 1, January 1, April 1, or July 1 after the end of the consultation
13 period. The department may provide an effective date for a proposed
14 Medicaid policy bulletin or adjustment to the Medicaid provider
15 manual other than provided for in this section if necessary to be
16 in compliance with federal or state law, regulations, or rules or
17 with an executive order of the governor.

18 Sec. 1772. From the funds appropriated in part 1, the
19 department shall continue a program, the primary goal of which is
20 to enroll all children in foster care in Michigan in a Medicaid
21 HMO.

22 Sec. 1773. (1) The department shall establish and implement a
23 bid process to identify a single private contractor to provide
24 Medicaid covered nonemergency transportation services in each
25 county with a population over 750,000 individuals.

26 (2) The department shall reimburse mileage for nonemergency
27 transportation that encourages contractors to participate.



1 Sec. 1775. The department shall provide a progress report on
2 ongoing efforts to implement long-term managed care initiatives to
3 the senate and house appropriations subcommittees on community
4 health and the senate and house fiscal agencies by June 1 of the
5 current fiscal year.

6 Sec. 1783. (1) The department shall develop rates by April 1
7 of the current fiscal year for the enrollment of individuals dually
8 eligible for Medicare and Medicaid into Medicaid health plans if
9 those health plans also maintain a Medicare advantage special needs
10 plan certified by the centers for Medicare and Medicaid services.

11 (2) The department shall report quarterly to the house and
12 senate appropriations subcommittees on community health and to the
13 house and senate fiscal agencies the status of the rate development
14 described in subsection (1) and the number of dual eligibles
15 enrolled by month in Medicaid health plans with Medicare advantage
16 special needs plan certification for the current fiscal year.

17 Sec. 1804. The department, in cooperation with the department
18 of human services, shall work with the federal public assistance
19 reporting information system to identify Medicaid recipients who
20 are veterans and who may be eligible for federal veterans health
21 care benefits or other benefits.

22 Sec. 1812. From the funds appropriated in part 1 for medical
23 services administration, up to \$100.00 may be allocated to support
24 a pilot project to develop a regional health care resource sharing
25 network. By encouraging collaboration and partnerships between
26 local hospitals, this network is expected to enable each hospital
27 to maintain independence and community control while sharing best



1 practices and resources. The pilot shall be designed to improve
2 access, improve patient outcomes, and lower costs in a medical home
3 model. The region for the pilot shall encompass 22 counties and
4 have 10 hospitals.

5 Sec. 1815. From the funds appropriated in part 1 for health
6 plan services, the department may not implement a capitation
7 withhold as part of the overall capitation rate schedule that
8 exceeds the 0.19% withhold administered during fiscal year 2008-
9 2009.

10 Sec. 1816. The department shall work with the Michigan
11 association of health plans to develop and implement strategies for
12 the use of information technology services for claims payment,
13 claims status, and related functions.

14 Sec. 1819. The department shall use Medicaid health plan
15 encounter data in the development and revision of hospital
16 diagnosis related group pricing policy.

17 Sec. 1820. The department shall recognize accrediting
18 organizations for Medicaid health plans and shall consider
19 accreditation results when reviewing the performance of Medicaid
20 health plans.

21 Sec. 1821. The department shall attempt to establish
22 appropriate performance standards for Medicaid health plans a year
23 in advance of the application of those standards. The determination
24 of performance shall be based on and include such recognized
25 concepts as 1-year continuous enrollment and healthcare
26 effectiveness data and information set audited data.

27 Sec. 1822. The department, the department's contracted



1 Medicaid pharmacy benefit manager, and all Medicaid health plans
2 shall implement coverage for a mental health prescription drug
3 within 30 days of that drug's approval by the department's pharmacy
4 and therapeutics committee.

5 Sec. 1824. Individuals who live in homes for the aged or adult
6 foster care facilities shall be eligible to apply for enrollment
7 for services from the home- and community-based waiver program.

8 Sec. 1829. Notwithstanding the removal of coverage for certain
9 optional Medicaid services, the department shall continue its
10 policy of providing coverage for emergency services. For this
11 purpose, the department shall continue to adhere to the guidelines
12 outlined in medical services administration policy bulletin MSA 09-
13 28.

14 Sec. 1837. The department shall explore utilization of
15 telemedicine as a strategy to increase access to primary care
16 services for Medicaid recipients in medically underserved areas.

17 Sec. 1841. The department shall report to the legislature on
18 the fiscal impact of federal health reform legislation that has
19 been implemented on the department's budget. This report shall be
20 provided to the senate and house appropriations subcommittees on
21 community health and the senate and house fiscal agencies by April
22 1 of the current fiscal year.

23 Sec. 1842. (1) From the funds appropriated in part 1, the
24 department shall adjust the hospital outpatient Medicaid
25 reimbursement rate for qualifying hospitals as provided in this
26 section. The Medicaid reimbursement rate for qualifying hospitals
27 shall be adjusted to provide each qualifying hospital with its



1 actual cost of delivering outpatient services to Medicaid
2 recipients.

3 (2) As used in this section, "qualifying hospital" means a
4 hospital that has not more than 50 staffed beds and is either
5 located outside a metropolitan statistical area or in a
6 metropolitan statistical area but within a city, village, or
7 township with a population of not more than 12,000 according to the
8 official 2000 federal decennial census and within a county with a
9 population of not more than 110,000 according to the official 2000
10 federal decennial census.

11 Sec. 1843. The department shall explore the possibility of
12 Medicaid reimbursement for wellness therapies that are designed to
13 lower the state's cost for Medicaid physical therapy. As used in
14 this section, "wellness therapies" includes, but is not limited to,
15 nutrition counseling, smoking cessation, support groups, and
16 lifestyle management.

17 Sec. 1844. If 2 or more vendors submit substantially similar
18 bids in the bidding process for health information technology
19 contracts that are proposed by the department and supported with
20 ARRA funds, the department shall give preference, as permitted by
21 law, to vendors established in this state.

22 Sec. 1845. From the funds appropriated in part 1, the
23 department shall commence 2 pilot projects using managed care to
24 deliver Medicaid long-term care services. One pilot project shall
25 be implemented in a county that has a population of more than
26 1,500,000. The other pilot project shall be implemented in a county
27 that has a population of more than 500,000 but less than 900,000.



1 The department shall select a Medicaid managed care provider that
2 has an established provider network within each county selected for
3 the pilot project and maintains a Medicare advantage special needs
4 plan certified by the centers for Medicare and Medicaid services.

