

DRAFT 2
SUBSTITUTE FOR
HOUSE BILL NO. 5378

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

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



1 **DEPARTMENT OF COMMUNITY HEALTH**

2 APPROPRIATION SUMMARY

3	Full-time equated unclassified positions	6.0	
4	Full-time equated classified positions	3,529.6	
5	Average population	893.0	
6	GROSS APPROPRIATION		\$ 15,018,797,100
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers		10,023,800
10	ADJUSTED GROSS APPROPRIATION		\$ 15,008,773,300
11	Federal revenues:		
12	Total federal revenues		9,663,796,300
13	Social security act, temporary assistance for needy		
14	families		22,341,500
15	Special revenue funds:		
16	Total local revenues		256,951,300
17	Total private revenues		93,364,000
18	Merit award trust fund		81,202,200
19	Total other state restricted revenues		2,065,336,300
20	State general fund/general purpose		\$ 2,825,781,700
21	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
22	Full-time equated unclassified positions	6.0	
23	Full-time equated classified positions	171.2	
24	Director and other unclassified--6.0 FTE positions ...		\$ 583,900
25	Departmental administration and management--161.2 FTE		
26	positions		23,903,200
27	Worker's compensation program		7,612,800



1	Rent and building occupancy	9,386,500
2	Developmental disabilities council and projects--10.0	
3	FTE positions.....	<u>2,986,900</u>
4	GROSS APPROPRIATION	\$ 44,473,300
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues	14,522,300
8	Special revenue funds:	
9	Total private revenues	34,600
10	Total other state restricted revenues	780,500
11	State general fund/general purpose	\$ 29,135,900
12	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
13	ADMINISTRATION AND SPECIAL PROJECTS	
14	Full-time equated classified positions..... 99.0	
15	Behavioral health program administration--98.0 FTE	
16	positions.....	\$ 17,310,400
17	Gambling addiction--1.0 FTE position	3,000,000
18	Protection and advocacy services support	194,400
19	Community residential and support services	1,549,100
20	Federal and other special projects	3,541,600
21	Family support subsidy	19,161,000
22	Housing and support services	<u>11,322,500</u>
23	GROSS APPROPRIATION	\$ 56,079,000
24	Appropriated from:	
25	Federal revenues:	
26	Total federal revenues	20,210,000
27	Social security act, temporary assistance for needy	



1	families.....	19,341,500
2	Special revenue funds:	
3	Total private revenues	400,000
4	Total other state restricted revenues	3,000,000
5	State general fund/general purpose	\$ 13,127,500
6	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
7	SERVICES PROGRAMS	
8	Full-time equated classified positions 9.5	
9	Medicaid mental health services	\$ 2,193,680,100
10	Community mental health non-Medicaid services	274,136,200
11	Medicaid adult benefits waiver	32,056,100
12	Mental health services for special populations	5,842,800
13	Medicaid substance abuse services	48,071,700
14	CMHSP, purchase of state services contracts	144,422,000
15	Civil service charges	1,499,300
16	Federal mental health block grant--2.5 FTE positions .	15,424,900
17	State disability assistance program substance abuse	
18	services.....	2,018,800
19	Community substance abuse prevention, education, and	
20	treatment programs.....	80,093,000
21	Children's waiver home care program	19,444,800
22	Nursing home PAS/ARR-OBRA--7.0 FTE positions	12,233,600
23	Children with serious emotional disturbance waiver ...	<u>12,651,000</u>
24	GROSS APPROPRIATION	\$ 2,841,574,300
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	Interdepartmental grant from the department of human	



1	services.....	6,194,900
2	Federal revenues:	
3	Total federal revenues	1,622,885,500
4	Special revenue funds:	
5	Total local revenues	25,228,900
6	Total other state restricted revenues	22,261,900
7	State general fund/general purpose	\$ 1,165,003,100
8	Sec. 105. STATE PSYCHIATRIC HOSPITALS AND FORENSIC	
9	MENTAL HEALTH SERVICES	
10	Total average population.....	893.0
11	Full-time equated classified positions	2,130.9
12	Caro regional mental health center - psychiatric	
13	hospital - adult--461.3 FTE positions	\$ 62,226,900
14	Average population.....	185.0
15	Kalamazoo psychiatric hospital - adult--466.1 FTE	
16	positions.....	60,049,000
17	Average population.....	189.0
18	Walter P. Reuther psychiatric hospital - adult--420.8	
19	FTE positions.....	55,587,400
20	Average population.....	234.0
21	Hawthorn Center - psychiatric hospital - children and	
22	adolescents--226.4 FTE positions	28,620,800
23	Average population.....	75.0
24	Center for forensic psychiatry--556.3 FTE positions ..	69,064,800
25	Average population.....	210.0
26	Revenue recapture	750,000
27	IDEA, federal special education	120,000



1	Special maintenance	332,500
2	Purchase of medical services for residents of	
3	hospitals and centers	445,600
4	Gifts and bequests for patient living and treatment	
5	environment	<u>1,000,000</u>
6	GROSS APPROPRIATION	\$ 278,197,000
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues	33,705,400
10	Special revenue funds:	
11	CMHSP, purchase of state services contracts	144,422,000
12	Other local revenues	18,690,600
13	Total private revenues	1,000,000
14	Total other state restricted revenues	16,523,000
15	State general fund/general purpose	\$ 63,856,000
16	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
17	Full-time equated classified positions	101.9
18	Public health administration--7.3 FTE positions	\$ 1,594,000
19	Health and wellness initiatives--10.7 FTE positions ..	6,146,600
20	Minority health grants and contracts--2.5 FTE	
21	positions	612,700
22	Vital records and health statistics--81.4 FTE	
23	positions	<u>9,643,300</u>
24	GROSS APPROPRIATION	\$ 17,996,600
25	Appropriated from:	
26	Interdepartmental grant revenues:	
27	Interdepartmental grant from the department of human	

1	services.....		1,181,200
2	Federal revenues:		
3	Total federal revenues		4,229,700
4	Special revenue funds:		
5	Total other state restricted revenues		10,301,600
6	State general fund/general purpose	\$	2,284,100
7	Sec. 107. HEALTH POLICY		
8	Full-time equated classified positions	64.8	
9	Emergency medical services program state staff--	23.0	
10	FTE positions.....		\$ 4,502,400
11	Emergency medical services grants and services		660,000
12	Health policy administration--24.1 FTE positions		4,304,600
13	Nurse education and research program--3.0 FTE		
14	positions.....		762,300
15	Certificate of need program administration--12.3 FTE		
16	positions.....		2,021,900
17	Rural health services--1.0 FTE position		1,504,100
18	Michigan essential health provider		491,300
19	Primary care services--1.4 FTE positions		<u>2,905,700</u>
20	GROSS APPROPRIATION	\$	17,152,300
21	Appropriated from:		
22	Interdepartmental grant revenues:		
23	Interdepartmental grant from the department of		
24	treasury, Michigan state hospital finance authority .		112,400
25	Interdepartmental grant from the department of		
26	licensing and regulatory affairs		2,058,800
27	Federal revenues:		



1	Total federal revenues	5,426,600
2	Special revenue funds:	
3	Total private revenues	255,000
4	Total other state restricted revenues	5,783,000
5	State general fund/general purpose	\$ 3,516,500
6	Sec. 108. INFECTIOUS DISEASE CONTROL	
7	Full-time equated classified positions.....	44.5
8	AIDS prevention, testing, and care programs--12.7 FTE	
9	positions.....	\$ 58,558,700
10	Immunization local agreements	11,975,200
11	Immunization program management and field support--	
12	12.8 FTE positions.....	1,835,300
13	Pediatric AIDS prevention and control--1.0 FTE	
14	position.....	1,233,100
15	Sexually transmitted disease control local agreements	3,360,700
16	Sexually transmitted disease control management and	
17	field support--18.0 FTE positions.....	<u>3,794,100</u>
18	GROSS APPROPRIATION	\$ 80,757,100
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues	42,597,900
22	Special revenue funds:	
23	Total private revenues	27,707,700
24	Total other state restricted revenues	7,605,200
25	State general fund/general purpose	\$ 2,846,300
26	Sec. 109. LABORATORY SERVICES	
27	Full-time equated classified positions.....	100.0

1	Laboratory services--100.0 FTE positions	\$	<u>18,023,400</u>
2	GROSS APPROPRIATION	\$	18,023,400
3	Appropriated from:		
4	Interdepartmental grant revenues:		
5	Interdepartmental grant from the department of		
6	environmental quality.....		456,800
7	Federal revenues:		
8	Total federal revenues		2,730,500
9	Special revenue funds:		
10	Total other state restricted revenues		8,310,400
11	State general fund/general purpose	\$	6,525,700
12	Sec. 110. EPIDEMIOLOGY		
13	Full-time equated classified positions..... 115.1		
14	AIDS surveillance and prevention program	\$	2,254,100
15	Bioterrorism preparedness--55.0 FTE positions		35,201,400
16	Epidemiology administration--41.6 FTE positions		9,253,000
17	Healthy homes program--8.0 FTE positions		2,932,100
18	Newborn screening follow-up and treatment services--		
19	10.5 FTE positions.....		5,629,000
20	Tuberculosis control and prevention		<u>867,000</u>
21	GROSS APPROPRIATION	\$	56,136,600
22	Appropriated from:		
23	Federal revenues:		
24	Total federal revenues		47,078,200
25	Special revenue funds:		
26	Total private revenues		100,000
27	Total other state restricted revenues		7,007,500

1	State general fund/general purpose	\$	1,950,900
2	Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS		
3	Full-time equated classified positions	2.0	
4	Essential local public health services	\$	37,386,100
5	Implementation of 1993 PA 133, MCL 333.17015		20,000
6	Local health services--2.0 FTE positions		524,400
7	Medicaid outreach cost reimbursement to local health		
8	departments.....		<u>9,000,000</u>
9	GROSS APPROPRIATION	\$	46,930,500
10	Appropriated from:		
11	Federal revenues:		
12	Total federal revenues		9,524,400
13	Special revenue funds:		
14	Total local revenues		5,150,000
15	State general fund/general purpose	\$	32,256,100
16	Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND		
17	HEALTH PROMOTION		
18	Full-time equated classified positions	64.3	
19	Cancer prevention and control program--11.0 FTE		
20	positions.....	\$	14,932,600
21	Chronic disease control and health promotion		
22	administration--29.4 FTE positions		6,833,800
23	Diabetes and kidney program--8.0 FTE positions		1,855,700
24	Public health traffic safety coordination--1.0 FTE		
25	position.....		93,800
26	Smoking prevention program--12.0 FTE positions		2,172,100
27	Violence prevention--2.9 FTE positions		<u>2,158,000</u>



1	GROSS APPROPRIATION	\$	28,046,000
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues		25,083,400
5	Special revenue funds:		
6	Total private revenues		500,000
7	Total other state restricted revenues		721,200
8	State general fund/general purpose	\$	1,741,400
9	Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH		
10	SERVICES		
11	Full-time equated classified positions		49.6
12	Childhood lead program--2.5 FTE positions.....	\$	653,900
13	Dental programs--3.0 FTE positions		1,134,300
14	Dental program for persons with developmental		
15	disabilities.....		151,000
16	Family, maternal, and children's health services		
17	administration--41.6 FTE positions		6,030,600
18	Family planning local agreements		9,085,700
19	Local MCH services		7,018,100
20	Pregnancy prevention program		602,100
21	Prenatal care outreach and service delivery support ..		11,724,800
22	Special projects--2.5 FTE positions		7,921,700
23	Sudden infant death syndrome program		<u>321,300</u>
24	GROSS APPROPRIATION	\$	44,643,500
25	Appropriated from:		
26	Federal revenues:		
27	Total federal revenues		35,518,100



1	Social security act, temporary assistance for needy		
2	families.....		3,000,000
3	Special revenue funds:		
4	Total local revenues		75,000
5	Total private revenues		873,200
6	State general fund/general purpose	\$	5,177,200
7	Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND		
8	NUTRITION PROGRAM		
9	Full-time equated classified positions.....	45.0	
10	Women, infants, and children program administration		
11	and special projects--45.0 FTE positions	\$	16,294,500
12	Women, infants, and children program local agreements		
13	and food costs.....		<u>253,825,500</u>
14	GROSS APPROPRIATION	\$	270,120,000
15	Appropriated from:		
16	Federal revenues:		
17	Total federal revenues		211,501,600
18	Special revenue funds:		
19	Total private revenues		58,618,400
20	State general fund/general purpose	\$	0
21	Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES		
22	Full-time equated classified positions.....	46.8	
23	Children's special health care services		
24	administration--44.0 FTE positions	\$	5,299,100
25	Bequests for care and services--2.8 FTE positions		1,511,400
26	Outreach and advocacy		5,510,000
27	Nonemergency medical transportation		2,679,300

1	Medical care and treatment	<u>285,615,800</u>
2	GROSS APPROPRIATION	\$ 300,615,600
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues	167,555,500
6	Special revenue funds:	
7	Total private revenues	996,800
8	Total other state restricted revenues	3,848,500
9	State general fund/general purpose	\$ 128,214,800
10	Sec. 116. CRIME VICTIM SERVICES COMMISSION	
11	Full-time equated classified positions	13.0
12	Grants administration services--13.0 FTE positions ...	\$ 2,460,000
13	Justice assistance grants	19,106,100
14	Crime victim rights services grants	<u>16,570,000</u>
15	GROSS APPROPRIATION	\$ 38,136,100
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues	24,083,800
19	Special revenue funds:	
20	Total other state restricted revenues	14,052,300
21	State general fund/general purpose	\$ 0
22	Sec. 117. OFFICE OF SERVICES TO THE AGING	
23	Full-time equated classified positions	40.0
24	Office of services to aging administration--40.0 FTE	
25	positions.....	\$ 6,724,100
26	Community services	35,314,400
27	Nutrition services	35,430,200



1	Foster grandparent volunteer program	2,233,600
2	Retired and senior volunteer program	627,300
3	Senior companion volunteer program	1,604,400
4	Employment assistance	3,500,000
5	Respite care program	<u>5,868,700</u>
6	GROSS APPROPRIATION	\$ 91,302,700
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenues	57,029,700
10	Special revenue funds:	
11	Total private revenues	677,500
12	Merit award trust fund	4,468,700
13	Total other state restricted revenues	1,400,000
14	State general fund/general purpose	\$ 27,726,800
15	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
16	Full-time equated classified positions 432.0	
17	Medical services administration--432.0 FTE positions .	\$ 65,861,200
18	Facility inspection contract	132,800
19	MICchild administration	4,327,800
20	Electronic health record incentive program	<u>144,081,400</u>
21	GROSS APPROPRIATION	\$ 214,403,200
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues	190,286,800
25	Special revenue funds:	
26	Total local revenues	105,900
27	Total private revenues	100,000

1	Total other state restricted revenues	115,400
2	State general fund/general purpose	\$ 23,795,100
3	Sec. 119. MEDICAL SERVICES	
4	Hospital services and therapy	\$ 1,294,379,200
5	Hospital disproportionate share payments	45,000,000
6	Physician services	357,854,200
7	Medicare premium payments	412,142,400
8	Pharmaceutical services	274,352,200
9	Home health services	4,385,000
10	Hospice services	103,278,800
11	Transportation	16,892,900
12	Auxiliary medical services	3,537,400
13	Dental services	183,267,600
14	Ambulance services	12,789,900
15	Long-term care services	1,731,358,900
16	Medicaid home- and community-based services waiver ...	241,015,700
17	Adult home help services	295,217,600
18	Personal care services	13,682,800
19	Program of all-inclusive care for the elderly	34,792,800
20	Essential services for children age 2-5	20,519,900
21	Health plan services	4,410,770,700
22	MIChild program	81,002,600
23	Plan first family planning waiver	14,295,500
24	Medicaid adult benefits waiver	105,877,700
25	Special indigent care payments	95,738,900
26	Federal Medicare pharmaceutical program	192,209,800
27	Maternal and child health	20,279,500

1	Subtotal basic medical services program	9,964,642,000
2	School-based services	131,502,700
3	Special Medicaid reimbursement	390,962,100
4	Subtotal special medical services payments	<u>522,464,800</u>
5	GROSS APPROPRIATION	\$ 10,487,106,800
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues	7,092,728,300
9	Special revenue funds:	
10	Total local revenues	63,128,500
11	Total private revenues	2,100,000
12	Merit award trust fund	76,733,500
13	Total other state restricted revenues	1,961,421,700
14	State general fund/general purpose	\$ 1,290,994,800
15	Sec. 120. INFORMATION TECHNOLOGY	
16	Information technology services and projects	\$ 35,028,300
17	Michigan Medicaid information system	<u>16,801,100</u>
18	GROSS APPROPRIATION	\$ 51,829,400
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues	37,280,800
22	Special revenue funds:	
23	Total other state restricted revenues	1,940,600
24	State general fund/general purpose	\$ 12,608,000
25	Sec. 121. ONE-TIME BASIS ONLY	
26	Mental health services for special populations	\$ 3,000,000
27	Hospital services and therapy - graduate medical	



1	education.....	17,988,400
2	State employee lump sum payments	4,285,300
3	Outstate hospital uncompensated care - disproportionate	
4	share hospital payment.....	<u>10,000,000</u>
5	GROSS APPROPRIATION.....	\$ 35,273,700
6	Appropriated from:	
7	Interdepartmental grant revenues:	
8	Interdepartmental grants and intradepartmental	
9	transfers.....	19,700
10	Federal revenues:	
11	Total federal revenues	19,817,800
12	Special revenue funds:	
13	Total local revenues	150,400
14	Total private revenues	800
15	Total other state restricted revenues	263,500
16	State general fund/general purpose	\$ 15,021,500

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2012-2013

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 2012-2013 is \$4,972,320,200.00 and
 24 state spending from state resources to be paid to local units of
 25 government for fiscal year 2012-2013 is \$1,245,711,100.00. 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 \$ 215,800

7 Housing and support services 645,600

8 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

9 State disability assistance program substance abuse

10 services \$ 2,018,000

11 Community substance abuse prevention, education, and

12 treatment programs..... 12,762,600

13 Medicaid mental health services 709,306,800

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

15 Mental health services for special populations 8,842,800

16 Medicaid adult benefits waiver 10,774,100

17 Medicaid substance abuse services 16,156,900

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

19 Nursing home PASARR..... 2,703,800

20 PUBLIC HEALTH ADMINISTRATION

21 Health and wellness initiatives 1,803,000

22 HEALTH POLICY

23 Primary care services \$ 88,900

24 INFECTIOUS DISEASE CONTROL

25 AIDS prevention, testing, and care programs \$ 830,400

26 Immunization local agreements 1,352,000

27 Sexually transmitted disease control local agreements 235,200



1	LABORATORY SERVICES		
2	Laboratory services	\$	161,600
3	LOCAL HEALTH ADMINISTRATION AND GRANTS		
4	Implementation of 1993 PA 133, MCL 333.17015	\$	6,200
5	Essential local public health services		32,236,100
6	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
7	Cancer prevention and control program	\$	109,800
8	Chronic disease control and health promotion		
9	administration		184,800
10	Diabetes and kidney program		60,000
11	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES		
12	Childhood lead program	\$	54,300
13	Prenatal care outreach and service delivery support ..		1,500,000
14	CHILDREN'S SPECIAL HEALTH CARE SERVICES		
15	Medical care and treatment	\$	1,935,000
16	Outreach and advocacy		1,185,900
17	CRIME VICTIM SERVICES COMMISSION		
18	Crime victim rights services grants	\$	5,936,000
19	OFFICE OF SERVICES TO THE AGING		
20	Community services	\$	12,233,500
21	Nutrition services		8,787,000
22	Foster grandparent volunteer program		679,800
23	Retired and senior volunteer program		175,000
24	Senior companion volunteer program		215,000
25	Respite care program		5,384,800
26	MEDICAL SERVICES		
27	Dental services	\$	1,803,200



1	Long-term care services	88,294,300
2	Transportation	4,943,700
3	Medicaid adult benefits waiver	8,999,600
4	Hospital services and therapy	2,615,100
5	Physician services	<u>10,180,800</u>
6	TOTAL OF PAYMENTS TO LOCAL UNITS	
7	OF GOVERNMENT	\$ 1,245,711,100

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

11 Sec. 203. As used in this act:

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

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

16 (c) "Current fiscal year" means the fiscal year ending
17 September 30, 2013.

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

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

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

21 (g) "EPSDT" means early and periodic screening, diagnosis, and
22 treatment.

23 (h) "Federal health care reform legislation" means the patient
24 protection and affordable care act, Public Law 111-148, and the
25 health care and education reconciliation act of 2010, Public Law
26 111-152.

27 (i) "Federal poverty level" means the poverty guidelines



1 published annually in the federal register by the United States
2 department of health and human services under its authority to
3 revise the poverty line under 42 USC 9902.

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

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

8 (l) "HEDIS" means healthcare effectiveness data and information
9 set.

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

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

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

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

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

16 (r) "PASARR" means the preadmission screening and annual
17 resident review required under the omnibus budget reconciliation
18 act of 1987, section 1919(e)(7) of the social security act, and 42
19 USC 1396r.

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

25 (t) "Temporary assistance for needy families" means part A of
26 title IV of the social security act, 42 USC 601 to 619.

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



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

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

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

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

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

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

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



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

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

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

19 Sec. 211. If the revenue collected by the department from fees
20 and collections exceeds the amount appropriated in part 1, the
21 revenue may be carried forward with the approval of the state
22 budget director into the subsequent fiscal year. The revenue
23 carried forward under this section shall be used as the first
24 source of funds in the subsequent fiscal year.

25 Sec. 212. (1) On or before February 1 of the current fiscal
26 year, the department shall report to the house and senate
27 appropriations subcommittees on community health, the house and



1 senate fiscal agencies, and the state budget director on the
2 detailed name and amounts of federal, restricted, private, and
3 local sources of revenue that support the appropriations in each of
4 the line items in part 1.

5 (2) Upon the release of the next fiscal year executive budget
6 recommendation, the department shall report to the same parties in
7 subsection (1) on the amounts and detailed sources of federal,
8 restricted, private, and local revenue proposed to support the
9 total funds appropriated in each of the line items in part 1 of the
10 next fiscal year executive budget proposal.

11 Sec. 213. The state departments, agencies, and commissions
12 receiving tobacco tax funds and healthy Michigan funds from part 1
13 shall report by April 1 of the current fiscal year to the senate
14 and house appropriations committees, the senate and house fiscal
15 agencies, and the state budget director on the following:

16 (a) Detailed spending plan by appropriation line item
17 including description of programs and a summary of organizations
18 receiving these funds.

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

21 (c) Eligibility criteria for program participation and maximum
22 benefit levels where applicable.

23 (d) Outcome measures used to evaluate programs, including
24 measures of the effectiveness of these programs in improving the
25 health of Michigan residents.

26 (e) Any other information considered necessary by the house of
27 representatives or senate appropriations committees or the state



1 budget director.

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

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

13 Sec. 218. The department shall include the following in its
14 annual list of proposed basic health services as required in part
15 23 of the public health code, 1978 PA 368, MCL 333.2301 to
16 333.2321:

17 (a) Immunizations.

18 (b) Communicable disease control.

19 (c) Sexually transmitted disease control.

20 (d) Tuberculosis control.

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

22 (f) Screening newborns for the conditions listed in section
23 5431 of the public health code, 1978 PA 368, MCL 333.5431, or
24 recommended by the newborn screening quality assurance advisory
25 committee created under section 5430 of the public health code,
26 1978 PA 368, MCL 333.5430.

27 (g) Community health annex of the Michigan emergency



1 management plan.

2 (h) Prenatal care.

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

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

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

17 (c) The expected project duration.

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

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

27 Sec. 223. The department may establish and collect fees for



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

7 Sec. 259. From the funds appropriated in part 1 for
8 information technology, departments and agencies shall pay user
9 fees to the department of technology, management, and budget for
10 technology-related services and projects. The user fees shall be
11 subject to provisions of an interagency agreement between the
12 department and agencies and the department of technology,
13 management, and budget.

14 Sec. 264. (1) Upon submission of a Medicaid waiver, a Medicaid
15 state plan amendment, or a similar proposal to the centers for
16 Medicare and Medicaid services, the department shall notify the
17 house and senate appropriations subcommittees on community health
18 and the house and senate fiscal agencies of the submission.

19 (2) The department shall provide written or verbal biannual
20 reports to the senate and house appropriations subcommittees on
21 community health and the senate and house fiscal agencies
22 summarizing the status of any new or ongoing discussions with the
23 centers for Medicare and Medicaid services or the federal
24 department of health and human services regarding potential or
25 future Medicaid waiver applications.

26 Sec. 265. The department and agencies receiving appropriations
27 in part 1 shall receive and retain copies of all reports funded



1 from appropriations in part 1. Federal and state guidelines for
2 short-term and long-term retention of records shall be followed.
3 The department may electronically retain copies of reports unless
4 otherwise required by federal and state guidelines.

5 Sec. 266. (1) The departments and agencies receiving
6 appropriations in part 1 shall prepare a report on out-of-state
7 travel expenses not later than January 1 of each year. The travel
8 report shall be a listing of all travel by classified and
9 unclassified employees outside this state in the immediately
10 preceding fiscal year that was funded in whole or in part with
11 funds appropriated in the department's budget. The report shall be
12 submitted to the house and senate standing committees on
13 appropriations, the house and senate fiscal agencies, and the state
14 budget director. The report shall include the following
15 information:

16 (a) The dates of each travel occurrence.

17 (b) The total transportation and related costs of each travel
18 occurrence, including the proportion funded with state general
19 fund/general purpose revenues, the proportion funded with state
20 restricted revenues, the proportion funded with federal revenues,
21 and the proportion funded with other revenues.

22 (2) If out-of-state travel is necessary but does not meet 1 or
23 more of the conditions in subsection (1), the state budget director
24 may grant an exception to allow the travel. Any exceptions granted
25 by the state budget director shall be reported on a monthly basis
26 to the senate and house of representatives standing committees on
27 appropriations.



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

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

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

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

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

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

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

26 Sec. 282. (1) The department, through its organizational units
27 responsible for departmental administration, operation, and



1 finance, shall establish uniform definitions, standards, and
2 instructions for the classification, allocation, assignment,
3 calculation, recording, and reporting of administrative costs by
4 the following entities:

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

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

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

15 Sec. 287. Not later than November 15, the department shall
16 prepare and transmit a report that provides for estimates of the
17 total general fund/general purpose appropriation lapses at the
18 close of the previous fiscal year. This report shall summarize the
19 projected year-end general fund/general purpose appropriation
20 lapses by major departmental program or program areas. The report
21 shall be transmitted to the office of the state budget, the
22 chairpersons of the senate and house of representatives standing
23 appropriations committees, and the senate and house fiscal
24 agencies.

25 Sec. 292. (1) The department shall maintain a searchable
26 website accessible by the public at no cost that includes, but is
27 not limited to, all of the following:



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

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

3 (c) Fiscal year-to-date payments to a selected vendor,
4 including the vendor name, payment date, payment amount, and
5 payment description.

6 (d) The number of active department employees by job
7 classification.

8 (e) Job specifications and wage rates.

9 (2) The department may develop and operate its own website to
10 provide this information or may reference the state's central
11 transparency website as the source for this information.

12 Sec. 294. Amounts appropriated in part 1 for information
13 technology may be designated as work projects and carried forward
14 to support technology projects under the direction of the
15 department of technology, management, and budget. Funds designated
16 in this manner are not available for expenditure until approved as
17 work projects under section 451a of the management and budget act,
18 1984 PA 431, MCL 18.1451a.

19 Sec. 296. Within 14 days after the release of the executive
20 budget recommendation, the department shall provide the state
21 budget director, the senate and house appropriations chairs, the
22 senate and house appropriations subcommittees on community health,
23 respectively, and the senate and house fiscal agencies with an
24 annual report on estimated state restricted fund balances, state
25 restricted fund projected revenues, and state restricted fund
26 expenditures for the fiscal years ending September 30, 2012 and
27 September 30, 2013.



1 Sec. 297. It is the intent of the legislature that all
2 principal executive departments and agencies cooperate with the
3 development and implementation of the department of technology,
4 management, and budget statewide office space consolidation plan.

5 **BEHAVIORAL HEALTH SERVICES**

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

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

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

1 department shall provide the annual reports to the senate and house
2 appropriations subcommittees on community health and the senate and
3 house fiscal agencies.

4 Sec. 404. (1) Not later than May 31 of the current fiscal
5 year, the department shall provide a report on the community mental
6 health services programs to the members of the house and senate
7 appropriations subcommittees on community health, the house and
8 senate fiscal agencies, and the state budget director that includes
9 the information required by this section.

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

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

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

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

22 (d) Data describing service outcomes that includes, but is not
23 limited to, an evaluation of consumer satisfaction, consumer
24 choice, and quality of life concerns including, but not limited to,
25 housing and employment.

26 (e) Information about access to community mental health
27 services programs that includes, but is not limited to, the



1 following:

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

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

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

7 (g) An analysis of information provided by CMHSPs in response
8 to the needs assessment requirements of the mental health code,
9 1974 PA 258, MCL 330.1001 to 330.2106, including information about
10 the number of individuals in the service delivery system who have
11 requested and are clinically appropriate for different services.

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

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

17 (i) The amount of the contract, organized by type of service
18 provided.

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

20 (iii) Administrative costs for services provided to CMHSPs or
21 PIHPs.

22 (j) Information on the community mental health Medicaid
23 managed care program, including, but not limited to, both of the
24 following:

25 (i) Expenditures by each CMHSP or PIHP organized by Medicaid
26 eligibility group, including per eligible individual expenditure
27 averages.

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

3 (k) An estimate of the number of direct care workers in local
4 residential settings and paraprofessional and other nonprofessional
5 direct care workers in settings where skill building, community
6 living supports and training, and personal care services are
7 provided by CMHSPs or PIHPs as of September 30 of the prior fiscal
8 year employed directly or through contracts with provider
9 organizations.

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

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

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

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



1 personal care rate, while all other eligible programs shall be
2 reimbursed at the domiciliary care rate.

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

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

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

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

26 Sec. 408. (1) By April 1 of the current fiscal year, the
27 department shall report the following data from the prior fiscal



1 year on substance abuse prevention, education, and treatment
2 programs to the senate and house appropriations subcommittees on
3 community health, the senate and house fiscal agencies, and the
4 state budget office:

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

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

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

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

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

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



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

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

16 Sec. 412. The department shall contract directly with the
17 Salvation Army harbor light program to provide non-Medicaid
18 substance abuse services.

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



1 Medicaid managed mental health care program.

2 Sec. 424. Each PIHP that contracts with the department to
3 provide services to the Medicaid population shall adhere to the
4 following timely claims processing and payment procedure for claims
5 submitted by health professionals and facilities:

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

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

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

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

25 Sec. 435. A county required under the provisions of the mental
26 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
27 matching funds to a CMHSP for mental health services rendered to



1 residents in its jurisdiction shall pay the matching funds in equal
2 installments on not less than a quarterly basis throughout the
3 fiscal year, with the first payment being made by October 1 of the
4 current fiscal year.

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

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

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

18 (c) In conjunction with the state court administrator's
19 office, a report that evaluates the cost-benefit of establishing a
20 specialized mental health court program that diverts adults with
21 serious mental illness alleged to have committed an offense deemed
22 nonserious into treatment prior to the filing of any charges.

23 Sec. 470. (1) For those substance abuse coordinating agencies
24 that have voluntarily incorporated into community mental health
25 authorities and accepted funding from the department for
26 administrative costs incurred pursuant to section 468, the
27 department shall establish written expectations for those CMHSPs,



1 PIHPs, and substance abuse coordinating agencies and counties with
2 respect to the integration of mental health and substance abuse
3 services. At a minimum, the written expectations shall provide for
4 the integration of those services as follows:

5 (a) Coordination and consolidation of administrative functions
6 and redirection of efficiencies into service enhancements.

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

9 (c) Alignment of coordinating agencies and PIHPs boundaries to
10 maximize opportunities for collaboration and integration of
11 administrative functions and clinical activities.

12 (2) By May 1 of the current fiscal year, the department shall
13 report to the house and senate appropriations subcommittees on
14 community health, the house and senate fiscal agencies, and the
15 state budget office on the impact and effectiveness of this section
16 and the status of the integration of mental health and substance
17 abuse services.

18 Sec. 490. (1) The department shall develop a plan to maximize
19 uniformity and consistency in the standards required of providers
20 contracting directly with PIHPs and CMHSPs. The standards shall
21 include, but are not limited to, contract language, training
22 requirements for direct support staff, performance indicators,
23 financial and program audits, and billing procedures.

24 (2) The department shall provide a status report to the senate
25 and house appropriations subcommittees on community health, the
26 senate and house fiscal agencies, and the state budget director on
27 implementation of the plan by July 1 of the current fiscal year.



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

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

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

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

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



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

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

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

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

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

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

24 Sec. 498. (1) From the funds appropriated in part 1 for the
25 treatment of substance use disorders, the department shall use
26 standard program evaluation measures to assess the effectiveness of
27 treatment programs provided through coordinating agencies and



1 service providers in reducing and preventing the incidence of
2 substance use disorders. The measures established by the department
3 shall be modeled after the program outcome measures and best
4 practice guidelines for the treatment of substance use disorders as
5 prescribed by the federal substance abuse and mental health
6 services administration. As used in this section, "substance use
7 disorders" includes abuse of alcohol, marihuana, heroin, and other
8 opiates and includes abuse of illicit methadone, cocaine, crack,
9 and methamphetamine.

10 (2) By May 15 of the current fiscal year, the department shall
11 provide a report to the house and senate appropriations
12 subcommittees on community health, the house and senate fiscal
13 agencies, and the state budget office on the effectiveness of
14 treatment programs for substance use disorders.

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

16 Sec. 601. The department shall continue a revenue recapture
17 project to generate additional revenues from third parties related
18 to cases that have been closed or are inactive. A portion of
19 revenues collected through project efforts may be used for
20 departmental costs and contractual fees associated with these
21 retroactive collections and to improve ongoing departmental
22 reimbursement management functions.

23 Sec. 602. The purpose of gifts and bequests for patient living
24 and treatment environments is to use additional private funds to
25 provide specific enhancements for individuals residing at state-
26 operated facilities. Use of the gifts and bequests shall be



1 consistent with the stipulation of the donor. The expected
2 completion date for the use of gifts and bequests donations is
3 within 3 years unless otherwise stipulated by the donor.

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

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

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

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

26 Sec. 606. The department may collect revenue for patient
27 reimbursement from first- and third-party payers, including



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

8 Sec. 608. Effective October 1, 2012, the department, in
9 consultation with the department of technology, management, and
10 budget, may maintain a bid process to identify 1 or more private
11 contractors to provide food service and custodial services for the
12 administrative areas at any state hospital identified by the
13 department as capable of generating savings through the outsourcing
14 of such services.

15 **PUBLIC HEALTH ADMINISTRATION**

16 Sec. 650. The department shall report to the senate and house
17 appropriations subcommittees on community health by April 1 of the
18 current fiscal year on its criteria and methodology used to derive
19 the information provided to residents in the annual Michigan fish
20 advisory.

21 Sec. 654. From the funds appropriated in part 1 for health and
22 wellness initiatives, \$1,000,000.00 shall be allocated for a pilot
23 before- and after-school healthy exercise program to promote and
24 advance physical health for school children in kindergarten through
25 grade 6. The department shall develop a model for program sites
26 that incorporates evidence-based best practices. The department



1 shall establish guidelines for program sites, which may include
2 public schools, community-based organizations, private facilities,
3 recreation centers, or other similar sites. The program format
4 shall encourage local determination of site activities and shall
5 encourage local inclusion of youth in the decision-making regarding
6 site activities. Program goals shall include children experiencing
7 good physical health, the reduction of obesity, providing a safe
8 place to play and exercise, and nutrition education. To be eligible
9 to participate in the pilot, program sites shall provide a 20%
10 match to the state funding. The department shall seek financial
11 support from corporate, foundation, or other private partners for
12 the program or for individual program sites.

13 HEALTH POLICY

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

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

23 Sec. 712. From the funds appropriated in part 1 for primary
24 care services, \$250,000.00 shall be allocated to free health
25 clinics operating in the state. The department shall distribute the
26 funds equally to each free health clinic. For the purpose of this



1 appropriation, "free health clinics" means nonprofit organizations
2 that use volunteer health professionals to provide care to
3 uninsured individuals.

4 Sec. 713. The department shall continue support of
5 multicultural agencies that provide primary care services from the
6 funds appropriated in part 1.

7 Sec. 715. The department shall evaluate options for
8 incentivizing students attending medical schools in this state to
9 meet their primary care residency requirements in this state and
10 ultimately, for some period of time, to remain in this state and
11 serve as primary care physicians.

12 INFECTIOUS DISEASE CONTROL

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

18 LOCAL HEALTH ADMINISTRATION AND GRANTS

19 Sec. 901. The amount appropriated in part 1 for implementation
20 of the 1993 additions of or amendments to sections 9161, 16221,
21 16226, 17014, 17015, and 17515 of the public health code, 1978 PA
22 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and
23 333.17515, shall be used to reimburse local health departments for
24 costs incurred related to implementation of section 17015(18) of
25 the public health code, 1978 PA 368, MCL 333.17015.



1 Sec. 902. If a county that has participated in a district
2 health department or an associated arrangement with other local
3 health departments takes action to cease to participate in such an
4 arrangement after October 1 of the current fiscal year, the
5 department shall have the authority to assess a penalty from the
6 local health department's operational accounts in an amount equal
7 to no more than 6.25% of the local health department's essential
8 local public health services funding. This penalty shall only be
9 assessed to the local county that requests the dissolution of the
10 health department.

11 Sec. 904. (1) Funds appropriated in part 1 for essential local
12 public health services shall be prospectively allocated to local
13 health departments to support immunizations, infectious disease
14 control, sexually transmitted disease control and prevention,
15 hearing screening, vision services, food protection, public water
16 supply, private groundwater supply, and on-site sewage management.
17 Food protection shall be provided in consultation with the
18 department of agriculture and rural development. Public water
19 supply, private groundwater supply, and on-site sewage management
20 shall be provided in consultation with the department of
21 environmental quality.

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

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



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

2 Sec. 1004. It is the intent of the legislature that the
3 department continue to collaborate with the county of St. Clair and
4 the city of Detroit southwest community to investigate and evaluate
5 cancer rates.

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

7 Sec. 1103. By January 3 of the current fiscal year, the
8 department shall issue to the legislature, and to the public on the
9 Internet, an annual report providing estimated public funds
10 administered by the department for family planning, sexually
11 transmitted infection prevention and treatment, and pregnancies and
12 births, as well as demographics collected by the department as
13 self-reported by individuals utilizing those services.

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

22 (a) Funding allocations.

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



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

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

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

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

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

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

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



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

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

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

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

25 (a) The department of education.

26 (b) The department of community health.

27 (c) The health administration in the department of community



1 health.

2 (d) The behavioral health and developmental disabilities
3 administration in the department of community health.

4 (e) The department of human services.

5 (f) The department of state police.

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

16 Sec. 1136. From the funds appropriated in part 1 for prenatal
17 care outreach and service delivery support, \$2,000,000.00 shall be
18 allocated for a real alternatives pregnancy and parenting support
19 services program as a pilot project. Funding for the program shall
20 be from the federal temporary assistance for needy families grant.
21 The department shall establish a fee-for-service contract with 1 or
22 more qualified agencies to provide free counseling, support, and
23 referral services to eligible women during pregnancy through 12
24 months after birth. As appropriate, the goals for client outcomes
25 shall include an increase of counseling support, childbirth choice,
26 and adoption knowledge and an improvement in parenting skills and
27 knowledge of reproductive health. The department shall provide for



1 counselor training, client educational material, program marketing,
2 and annual provider site monitoring.

3 Sec. 1137. From the funds appropriated in part 1 for prenatal
4 care outreach and service delivery support, not less than
5 \$1,000,000.00 shall be allocated for the nurse family partnership
6 program from federal temporary assistance for needy families grant
7 funds. The funds shall be used for enhanced support and education
8 to nursing teams and for client recruitment in high-need
9 communities. The funds shall also be used for a nurse family
10 partnership program in a city with a population of 600,000 or more
11 for strategic planning to expand and sustain the program and for
12 marketing and communications of the program to raise awareness,
13 engage stakeholders, and recruit nurses.

14 Sec. 1138. If an organization that provides abortion services
15 is a candidate for a contract to provide services from the funds
16 appropriated in section 113 of part 1 for family, maternal, and
17 children's health services, the department shall pursue all other
18 contractual opportunities in order to maximize utilization of
19 organizations that do not provide abortion services. Preference
20 shall be given to services provided by organizations that do not
21 provide abortion services.

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

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

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

26 (b) Provide medical care and treatment to eligible patients



1 with cystic fibrosis who are 21 years of age or older.

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

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

6 Sec. 1204. By October 1, 2012, the department shall report to
7 the senate and house appropriations committees on community health
8 and the senate and house fiscal agencies on its plan for enrolling
9 Medicaid eligible children's special health care services
10 recipients in the Medicaid health plans. The report shall include
11 information on which Medicaid health plans are participating, the
12 methods used to assure continuity of care and continuity of ongoing
13 relationships with providers, and projected savings from the
14 implementation of the proposal.

15 **CRIME VICTIM SERVICES COMMISSION**

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

22 **OFFICE OF SERVICES TO THE AGING**

23 Sec. 1401. The appropriation in part 1 to the office of
24 services to the aging for community services and nutrition services
25 shall be restricted to eligible individuals at least 60 years of



1 age who fail to qualify for home care services under title XVIII,
2 XIX, or XX.

3 Sec. 1403. (1) By February 1 of the current fiscal year, the
4 office of services to the aging shall require each region to report
5 to the office of services to the aging and to the legislature home-
6 delivered meals waiting lists based upon standard criteria.

7 Determining criteria shall include all of the following:

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

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

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

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

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

18 Sec. 1417. The department shall provide to the senate and
19 house appropriations subcommittees on community health, senate and
20 house fiscal agencies, and state budget director a report by March
21 30 of the current fiscal year that contains all of the following:

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

24 (b) Detail expenditure by each area agency on aging by
25 individual program and administration including both state-funded
26 resources and locally funded resources.



1 **MEDICAL SERVICES ADMINISTRATION**

2 Sec. 1501. The unexpended funds appropriated in part 1 for the
3 electronic health records incentive program are considered work
4 project appropriations and any unencumbered or unallotted funds are
5 carried forward into the following fiscal year. The following is in
6 compliance with section 451a(1) of the management and budget act,
7 1984 PA 431, MCL 18.1451a:

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

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

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

18 (d) The tentative completion date for the work project is
19 September 30, 2017.

20 **MEDICAL SERVICES**

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

26 Sec. 1603. (1) The department may establish a program for



1 individuals to purchase medical coverage at a rate determined by
2 the department.

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

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

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

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

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

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

27 (2) An applicant qualified as described in subsection (1)



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

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

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

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

27 (6) The department shall mandate enrollment of women, whose



1 qualifying condition is pregnancy, into Medicaid managed care
2 plans.

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

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

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

26 Sec. 1627. (1) The department shall use procedures and rebate
27 amounts specified under section 1927 of title XIX, 42 USC 1396r-8,



1 to secure quarterly rebates from pharmaceutical manufacturers for
2 outpatient drugs dispensed to participants in the MICHild program,
3 maternal outpatient medical services program, and children's
4 special health care services.

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

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

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

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

19 (a) Six dollars for a hospital emergency room visit.

20 (b) Fifty dollars for the first day of an inpatient hospital
21 stay.

22 (c) One dollar for an outpatient hospital visit.

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

27 Sec. 1657. (1) Reimbursement for medical services to screen



1 and stabilize a Medicaid recipient, including stabilization of a
2 psychiatric crisis, in a hospital emergency room shall not be made
3 contingent on obtaining prior authorization from the recipient's
4 HMO. If the recipient is discharged from the emergency room, the
5 hospital shall notify the recipient's HMO within 24 hours of the
6 diagnosis and treatment received.

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

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

15 Sec. 1659. The following sections of this act are the only
16 ones that shall apply to the following Medicaid managed care
17 programs, including the comprehensive plan, MIChoice long-term care
18 plan, and the mental health, substance abuse, and developmentally
19 disabled services program: 404, 411, 418, 428, 474, 494, 1607,
20 1657, 1662, 1689, 1699, 1740, 1764, 1820, and 1850.

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

26 (2) The department shall require Medicaid HMOs to provide
27 EPSDT utilization data through the encounter data system, and HEDIS



1 well child health measures in accordance with the national
2 committee for quality assurance prescribed methodology.

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

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

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



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

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

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

16 (a) "Dental care corporation", "health care corporation",
17 "insurer", and "prudent purchaser agreement" mean those terms as
18 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
19 550.52.

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

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

24 (7) The department may make payments on behalf of children
25 enrolled in the MICHild program from the line-item appropriation
26 associated with the program as described in the MICHild state plan
27 approved by the United States department of health and human



1 services, or from other medical services.

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

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

9 (10) MICHild services shall include treatments for autism
10 spectrum disorders for children who are eligible for MICHild and
11 are aged 2 through 5.

12 Sec. 1673. The department may establish premiums for MICHild
13 eligible individuals in families with income above 150% of the
14 federal poverty level. The monthly premiums shall not be less than
15 \$10.00 or exceed \$15.00 for a family.

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

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

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



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

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

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

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

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

11 (h) Emergency ambulance services.

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

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

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

26 (4) The department is authorized to use civil monetary penalty
27 funds to conduct a survey evaluating consumer satisfaction and the



1 quality of care at nursing homes. Factors can include, but are not
2 limited to, the level of satisfaction of nursing home residents,
3 their families, and employees. The department may use an
4 independent contractor to conduct the survey.

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

7 Sec. 1689. The department shall develop a system to collect
8 and analyze information regarding individuals on the home- and
9 community-based services waiver program waiting list to identify
10 the community supports they receive, including, but not limited to,
11 adult home help, food assistance, and housing assistance services
12 and to determine the extent to which these community supports help
13 individuals remain in their home and avoid entry into a nursing
14 home. The department shall provide a progress report on
15 implementation to the senate and house appropriations subcommittees
16 on community health and the senate and house fiscal agencies by
17 June 1 of the current fiscal year.

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

27 (2) From the funds appropriated in part 1 for medical services



1 school-based services payments, the department is authorized to do
2 all of the following:

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

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

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

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

16 Sec. 1694. The department shall distribute \$1,122,300.00 for
17 poison control services to an academic health care system that
18 includes a children's hospital that has a high indigent care
19 volume.

20 Sec. 1699. (1) The department may make separate payments in
21 the amount of \$45,000,000.00 directly to qualifying hospitals
22 serving a disproportionate share of indigent patients and to
23 hospitals providing GME training programs. If direct payment for
24 GME and DSH is made to qualifying hospitals for services to
25 Medicaid clients, hospitals shall not include GME costs or DSH
26 payments in their contracts with HMOs.

27 (2) The department shall allocate \$45,000,000.00 in DSH



1 funding using the distribution methodology used in fiscal year
2 2003-2004.

3 (3) 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 GME
7 and DSH pools.

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

13 Sec. 1741. The department shall continue to provide nursing
14 homes the opportunity to receive interim payments upon their
15 request. The department may disapprove requests or discontinue
16 interim payments that result in financial risk to this state. The
17 department shall make reasonable efforts to ensure that the interim
18 payments are as similar in amount to expected cost-settled
19 payments.

20 Sec. 1756. The department shall develop a plan to expand and
21 improve the beneficiary monitoring program. The department shall
22 submit this plan to the house and senate appropriations
23 subcommittees on community health, the house and senate fiscal
24 agencies, and the state budget director by April 1 of the current
25 fiscal year.

26 Sec. 1757. The department shall direct the department of human
27 services to obtain proof from all Medicaid recipients that they are



1 legal United States citizens or otherwise legally residing in this
2 country and that they are residents of this state before approving
3 Medicaid eligibility.

4 Sec. 1764. The department shall annually certify rates paid to
5 Medicaid health plans and specialty prepaid inpatient health plans
6 as being actuarially sound in accordance with federal requirements
7 and shall provide a copy of the rate certification and approval
8 immediately to the house and senate appropriations subcommittees on
9 community health and the house and senate fiscal agencies.

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

21 Sec. 1775. If the state's application for a waiver to
22 implement managed care for dual Medicare/Medicaid eligible is
23 approved by the federal government, by April 1, 2013 the department
24 shall provide a report to the senate and house appropriations
25 subcommittees on community health and the senate and house fiscal
26 agencies. This report shall include information on the amount of
27 Medicare funding that would be provided to the state, the number of



1 individuals who would be enrolled in the program, which health
2 plans would be among those providing the services, and the
3 estimated savings from the new program.

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

11 Sec. 1793. The department shall consider the development of a
12 pilot project that focuses on the prevention of preventable
13 hospitalizations from nursing homes.

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

19 Sec. 1820. (1) In order to avoid duplication of efforts, the
20 department shall utilize applicable national accreditation review
21 criteria to determine compliance with corresponding state
22 requirements for Medicaid health plans that have been reviewed and
23 accredited by a national accrediting entity for health care
24 services.

25 (2) Upon submission by Medicaid health plans of a listing of
26 program requirements that are part of the state program review
27 criteria but are not reviewed by an applicable national accrediting



1 entity, the department shall review the listing and provide a
2 recommendation to the house and senate appropriations subcommittees
3 on community health, the house and senate fiscal agencies, and the
4 state budget office as to whether or not state program review
5 should continue. The Medicaid health plans may request the
6 department to convene a workgroup to fulfill this section.

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

10 (4) As used in this section, "national accrediting entity"
11 means the national committee for quality assurance, the utilization
12 review accreditation committee, or other appropriate entity, as
13 approved by the department.

14 (5) By July 1 of the current fiscal year, the department shall
15 provide a progress report to the house and senate appropriations
16 subcommittees on community health, the house and senate fiscal
17 agencies, and the state budget office on implementation of this
18 section.

19 Sec. 1822. The department, the department's contracted
20 Medicaid pharmacy benefit manager, and all Medicaid health plans
21 shall implement coverage for a mental health prescription drug
22 within 30 days of that drug's approval by the department's pharmacy
23 and therapeutics committee.

24 Sec. 1832. (1) The department shall continue efforts to
25 standardize billing formats, referral forms, electronic
26 credentialing, primary source verification, electronic billing and
27 attachments, claims status, eligibility verification, and reporting



1 of accepted and rejected encounter records received in the
2 department data warehouse.

3 (2) The department shall convene a workgroup on making e-
4 billing mandatory for the Medicaid program. The workgroup shall
5 include representatives from medical provider organizations,
6 Medicaid HMOs, and the department. The department shall report to
7 the legislature on the findings of the workgroup by April 1 of the
8 current fiscal year.

9 (3) The department shall provide a report by April 1 of the
10 current fiscal year to the senate and house appropriations
11 subcommittees on community health and the senate and house fiscal
12 agencies detailing the percentage of claims for Medicaid
13 reimbursement provided to the department that were initially
14 rejected in the first quarter of fiscal year 2011-2012.

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

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

25 Sec. 1846. (1) The department shall establish a workgroup on
26 graduate medical education funding. The workgroup shall include
27 representatives of teaching hospitals, the Michigan health and



1 hospital association, and other interested parties.

2 (2) The workgroup shall do all of the following:

3 (a) Identify physician specialties where there is a current or
4 potential shortage of practitioners and identify the geographic
5 areas of this state where those shortages exist or potentially
6 could develop.

7 (b) Research efforts by other states to address practitioner
8 shortages by adjusting their graduate medical education payments.

9 (c) Recommend potential policy changes to the graduate medical
10 education program to help reduce practitioner shortages.

11 Sec. 1847. The department shall meet with the Michigan
12 association of ambulance services to discuss the possible structure
13 of an ambulance quality assurance assessment program.

14 Sec. 1850. The department may allow Medicaid health plans to
15 assist with the redetermination process through outreach activities
16 to ensure continuation of Medicaid eligibility and enrollment in
17 managed care. This may include mailings, telephone contact, or
18 face-to-face contact with beneficiaries enrolled in the individual
19 Medicaid health plan. Health plans may offer assistance in
20 completing paperwork for beneficiaries enrolled in their plan.

21 Sec. 1854. The department shall work with providers of kidney
22 dialysis services and renal care as authorized under section 2703
23 of the patient protection and affordable care act, Public Law 111-
24 148, to develop a chronic condition health home program for
25 Medicaid enrollees identified with chronic kidney disease and who
26 are beginning dialysis. If initiated, the department shall develop
27 metrics that evaluate program effectiveness and submit a report by



1 February 1 of the current fiscal year to the senate and house
2 appropriations subcommittees on community health. Metrics shall
3 include cost savings and clinical outcomes.

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

6 Sec. 1858. Medicaid services shall include treatments for
7 autism spectrum disorders for children who are eligible for
8 Medicaid and are aged 2 through 5.

9 Sec. 1859. The department shall work with the department of
10 human services to conduct a pilot project in 3 counties in this
11 state to demonstrate whether privatizing Medicaid eligibility
12 determination is cost-effective.

13 **ONE-TIME BASIS ONLY**

14 Sec. 1904. (1) From the funds appropriated in the outstate
15 hospital uncompensated care-disproportionate share hospital line,
16 \$10,000,000.00 is appropriated, of which \$3,361,000.00 shall be
17 from general fund/general purpose revenue, in order to increase
18 hospital uncompensated care payments. The distribution of those
19 payments shall be allocated to make payments to hospitals and
20 hospital systems meeting the criteria outlined in subsection (2).

21 (2) Hospitals and hospital systems eligible for payments under
22 subsection (1) shall receive their Medicaid reimbursements via
23 diagnosis related group payments, shall meet the medical services
24 administration disproportionate share hospital requirements for
25 obstetrical services, shall have received less than \$1,800,000.00
26 in disproportionate share hospital payments in fiscal year 2010-



1 2011 from the \$45,000,000.00 disproportionate share hospital pool,
 2 and shall have at least 1.0% of the statewide total indigent
 3 volume.

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

8 PART 2A

9 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

10 FOR FISCAL YEAR 2013-2014

11 Sec. 2001. It is the intent of the legislature to provide
 12 appropriations for the fiscal year ending on September 30, 2014 for
 13 the line items listed in part 1. The fiscal year 2013-2014
 14 appropriations are anticipated to be the same as those for fiscal
 15 year 2012-2013, except that the line items will be adjusted for
 16 changes in caseload and related costs, federal fund match rates,
 17 economic factors, available revenue, and the exclusion of
 18 appropriations designated as 1-time appropriations. Specific
 19 anticipated adjustments are as follows, subject to adjustment after
 20 the May 2013 consensus revenue estimating conference:

21	Medicaid caseload/utilization/inflation costs	\$	379,424,300
22	Replacement of revenue shortfalls with general		
23	fund/general purpose.....		0
24	Healthy kids dental expansion phase-in		7,910,400
25	Active/early retiree insurance and pension costs		<u>4,304,200</u>
26	GROSS APPROPRIATION	\$	391,638,900



1	Appropriated from:		
2	Federal revenues:		
3	Federal revenues		259,595,500
4	Special revenue funds:		
5	Total other state restricted revenues		(15,110,400)
6	State general fund/general purpose	\$	147,153,800

