

Act No. 200  
Public Acts of 1990  
Approved by the Governor  
July 25, 1990  
Filed with the Secretary of State  
July 26, 1990

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1990**

Introduced by Reps. Jacobetti and Hollister

# ENROLLED HOUSE BILL No. 5484

AN ACT to make appropriations for the department of social services and certain state purposes related to public welfare services for the fiscal year ending September 30, 1991; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; to provide for the powers and duties of certain individuals, state departments, agencies, and officers.

*The People of the State of Michigan enact:*

Sec. 101. There is appropriated for the department of social services and certain state purposes related to public welfare services for the fiscal year ending September 30, 1991, from the following funds:

## DEPARTMENT OF SOCIAL SERVICES

### APPROPRIATIONS SUMMARY:

Full-time equated classified positions.....	14,822.2	
Full-time equated unclassified positions .....	6.0	
Total full-time equated positions .....	14,828.2	
GROSS APPROPRIATION .....		\$ 4,913,173,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....	762,700	
ADJUSTED GROSS APPROPRIATION .....		\$ 4,912,410,400
Federal revenues:		
Total federal .....		2,291,492,400
Special revenue funds:		
Total private.....	163,525,000	
Total local .....	65,814,000	
Total other state restricted .....	36,111,800	
State general fund/general purpose .....		\$ 2,355,467,200

## EXECUTIVE OPERATIONS

Total full-time equated positions .....	1,232.0
Full-time equated unclassified positions .....	6.0
Full-time equated classified positions.....	1,226.0

For Fiscal Year  
Ending Sept. 30,  
1991

Director.....	\$	86,000
Unclassified FTE positions.....1.0		
Unclassified salaries.....		320,500
Unclassified FTE positions.....5.0		
Salaries and wages—1,199.0 FTE positions.....		43,597,200
Contractual services, supplies, and materials.....		6,449,200
Director's discretionary fund.....		460,600
Demonstration projects.....		2,900,000
Health and welfare data center equipment.....		9,704,100
Office automation expansion—27.0 FTE positions.....		11,089,500
Inspector general contracts.....		3,036,800
Adult home help.....		92,555,400
Social services to the physically disabled.....		1,351,400
Senior citizens programs.....		1,000,000
GROSS APPROPRIATION.....	\$	172,550,700
Appropriated from:		
Federal revenues:		
Total federal.....		100,616,800
Interdepartmental grant revenues:		
IDG-ADP user fees.....		371,900
Special revenue funds:		
Private funds.....		796,300
Local funds.....		200,000
Licensing fees.....		1,012,300
State general fund/general purpose.....	\$	69,553,400

#### CENTRAL SUPPORT ACCOUNTS

Longevity and insurance.....	\$	61,614,800
Retirement.....		63,815,500
Rent.....		32,832,600
Travel.....		5,531,200
Equipment.....		2,460,300
Workers' compensation.....		2,968,000
Separation cost.....		3,523,200
Advisory commissions.....		17,900
GROSS APPROPRIATION.....	\$	172,763,500
Appropriated from:		
Federal revenues:		
Total federal.....		84,020,900
Special revenue funds:		
Departmentwide lapse revenue.....		19,999,500
State general fund/general purpose.....	\$	68,743,100

#### MEDICAL SERVICES ADMINISTRATION

Full-time equated classified positions.....565.3		
Salaries and wages—557.3 FTE positions.....	\$	18,969,000
Contractual services, supplies, and materials.....		8,539,800
Wayne county physician's primary sponsor plan staff—8.0 FTE positions.....		250,300
Data processing contractual services.....		100
Medical review and nursing evaluations contract - department of public health.....		144,700
Facility inspection contract - department of state police.....		132,800
Computer records - department of state police.....		283,700
GROSS APPROPRIATION.....	\$	28,320,400
Appropriated from:		
Federal revenues:		
Total federal.....		16,803,000
State general fund/general purpose.....	\$	11,517,400

For Fiscal Year  
Ending Sept. 30,  
1991

## FIELD POLICY AND OPERATIONS ADMINISTRATION

Full-time equated classified positions.....	584.1	
Salaries and wages—300.1 FTE positions .....		\$ 10,586,700
Contractual services, supplies, and materials.....		5,429,200
Child support enforcement system—2.0 FTE positions.....		12,003,300
Child support incentive payments.....		27,026,400
Legal support contracts.....		38,739,500
State incentive payments.....		3,223,600
Food stamp issuance.....		4,566,000
Refugee assistance program—17.0 FTE positions.....		6,503,100
Immigration legalization assistance program.....		2,500,000
Michigan opportunity and skills training program.....		22,010,000
High school completion project .....		2,258,900
Job start—265.0 FTE positions .....		33,810,000
Wage match contract with MESC .....		1,000,000
GROSS APPROPRIATION .....		\$ 169,656,700
Federal revenues:		
Total federal .....		121,069,500
State general fund/general purpose .....		\$ 48,587,200

## OFFICE OF CHILDREN AND YOUTH SERVICES

Full-time equated classified positions.....	2,000.9	
Salaries and wages—84.9 FTE positions .....		\$ 3,444,000
Family and childrens services, salaries and wages—1,860.2 FTE positions.....		58,623,500
Longevity and insurance.....		465,100
Retirement.....		641,500
Travel.....		125,900
Equipment.....		1,160,700
Advisory commissions .....		2,000
Contractual services, supplies, and materials.....		3,296,500
Delinquency prevention and treatment projects—1.8 FTE positions .....		14,221,000
Intercountry adoptions contracts .....		564,800
Delinquency project improvement.....		538,500
County juvenile officers.....		2,902,700
Foster care payments .....		188,459,700
Foster care payments billing system.....		200,000
Adoption subsidies .....		33,778,600
Child care fund.....		32,735,500
Children's benefit fund donations .....		21,000
Domestic violence prevention and treatment.....		3,433,600
Day care payments .....		24,318,500
Coordinated child care council's purchased day care services.....		1,071,500
Teenage parent counseling .....		2,418,300
Family preservation services.....		7,794,600
Interstate compact.....		132,200
Child abuse and neglect programming.....		7,175,500
Privately funded activities.....		2,704,700
Dependent care grant.....		232,000
Black child and family institute.....		100,000
Rape prevention and services .....		150,000
Intensive community supervision—54.0 FTE positions.....		3,684,200
Coordinated children's services pilot .....		1,174,300
GROSS APPROPRIATION .....		\$ 395,570,400
Appropriated from:		
Federal revenues:		
Total federal .....		152,131,400
Special revenue funds:		
Private-children's benefit fund donations .....		21,000

For Fiscal Year  
Ending Sept. 30,  
1991

Private-intercountry adoption agency contribution.....	\$	562,000
Private-collections.....		3,787,200
Private-foundation funds .....		3,658,900
Local funds - county payback .....		15,911,500
State general fund/general purpose .....	\$	219,498,400

#### FAMILY PRESERVATION & DIVERSION SAVINGS

Savings due to diversion.....	\$	(6,000,000)
GROSS APPROPRIATION .....	\$	(6,000,000)
Appropriated from:		
Special revenue funds:		
Local funds - county payback .....		(1,000,000)
State general fund/general purpose .....	\$	(5,000,000)

#### RESIDENTIAL CARE DIVISION

Full-time equated classified positions.....	1,159.0	
Salaries and wages—778.0 FTE positions .....	\$	26,900,900
Longevity and insurance .....		3,213,600
Contractual services, supplies, and materials.....		3,881,100
Fuel and utilities.....		1,337,300
Retirement.....		4,600,400
Travel.....		300,500
Equipment.....		181,100
Maintenance operating projects .....		911,900
Genesee/Detroit detention facilities—207.0 FTE positions.....		10,068,200
Family involvement project—5.0 FTE positions.....		385,600
Community residential care programs—128.0 FTE positions.....		6,911,900
Federally funded activities—28.0 FTE positions .....		1,688,800
W.J. Maxey memorial fund .....		45,000
Regional detention services—13.0 FTE positions.....		1,107,300
Juvenile crime package operations .....		3,887,000
Training schools/detention centers construction .....		200
GROSS APPROPRIATION .....	\$	65,420,800
Appropriated from:		
Federal revenues:		
Total federal .....		2,962,000
Special revenue funds:		
Private funds.....		45,000
Local funds - county payback .....		30,576,000
State general fund/general purpose .....	\$	31,837,800

#### ASSISTANCE PAYMENTS, SERVICES, AND CLERICAL FIELD STAFF

Full-time equated classified positions.....	9,286.9	
Field services, salaries and wages—183.0 FTE positions .....	\$	10,514,700
County clerical support, salaries and wages—2,947.0 FTE positions.....		75,731,800
Assistance payments, salaries and wages—4,467.4 FTE positions .....		135,320,100
Adult services, salaries and wages—1,125.5 FTE positions.....		37,823,700
Error and fraud reduction project—350.0 FTE positions.....		13,751,000
Contractual services, supplies, and materials.....		22,110,500
Donated funds projects.....		1,892,000
Donated funds staffing—41.0 FTE positions.....		1,255,400
Volunteer services—81.0 FTE positions.....		2,884,300
Volunteer reimbursement.....		1,876,800
Supplemental security income advocacy for mental health—39.0 FTE positions.....		1,908,100
Training and staff development—53.0 FTE positions.....		3,903,600
GROSS APPROPRIATION .....	\$	308,972,000

For Fiscal Year  
Ending Sept. 30,  
1991

Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from mental health .....	\$ 390,800
Federal revenues:	
Total federal .....	147,220,100
Special revenue funds:	
Local funds - donated funds .....	216,700
State general fund/general purpose .....	\$ 161,144,400
<b>AID TO FAMILIES WITH DEPENDENT CHILDREN</b>	
Aid to families with dependent children payments .....	\$ 1,304,119,600
<b>GROSS APPROPRIATION</b> .....	\$ 1,304,119,600
Appropriated from:	
Federal revenues:	
Total federal .....	605,922,200
Special revenue funds:	
Child support collections .....	154,654,600
State general fund/general purpose .....	\$ 543,542,800
<b>GENERAL ASSISTANCE</b>	
General assistance grants and payments .....	\$ 221,202,500
<b>GROSS APPROPRIATION</b> .....	\$ 221,202,500
Appropriated from:	
Federal revenues:	
Total federal .....	185,000
Special revenue funds:	
Supplemental security income recoveries .....	5,500,000
State general fund/general purpose .....	\$ 215,517,500
<b>SUPPLEMENTAL SECURITY INCOME</b>	
State supplementation .....	\$ 76,466,800
Personal care services .....	17,181,900
<b>GROSS APPROPRIATION</b> .....	\$ 93,648,700
Appropriated from:	
Federal revenues:	
Total federal .....	9,287,100
State general fund/general purpose .....	\$ 84,361,600
<b>LOW INCOME ENERGY ASSISTANCE PROGRAM</b>	
Low income energy assistance program/energy assistance program .....	\$ 69,900,500
Emergency needs program .....	58,889,300
<b>GROSS APPROPRIATION</b> .....	\$ 128,789,800
Appropriated from:	
Federal revenues:	
Total federal .....	85,824,200
State general fund/general purpose .....	\$ 42,965,600
<b>MEDICAL SERVICES</b>	
Hospital services and therapy .....	\$ 716,200,800
Physician services .....	197,043,400
Medicare premium payments .....	38,035,000
Pharmaceutical services .....	184,529,300
Home health services .....	11,436,300
Transportation .....	7,234,600
Auxiliary medical services .....	46,788,100
Nursing home services .....	343,952,700
Chronic care units and county medical care facilities .....	111,584,800
Health maintenance organizations .....	115,537,900

For Fiscal Year  
Ending Sept. 30,  
1991

Early periodic screening, diagnosis, and treatment contract - department of public health .....	\$	6,563,600
Early periodic screening, diagnosis and treatment - department of social services .....		748,700
GROSS APPROPRIATION .....	\$	1,779,655,200
Appropriated from:		
Federal revenues:		
Total federal .....		965,346,000
Special revenue funds:		
Local funds - county payback .....		10,214,400
Special purpose-public act 219 of 1987 .....		9,600,000
State general fund/general purpose .....	\$	794,494,800
GENERAL ASSISTANCE MEDICAL		
General assistance medical .....	\$	29,736,000
General assistance medical-hospitalization .....		9,491,300
Wayne county patient care management system .....		39,275,500
GROSS APPROPRIATION .....	\$	78,502,800
Appropriated from:		
Federal revenues:		
Total federal .....		104,200
Special revenue funds:		
Local funds - county payback .....		9,695,400
State general fund/general purpose .....	\$	68,703,200

## GENERAL SECTIONS

Sec. 201. (1) In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this act is \$2,391,579,000.00 and state spending to be paid to local units of government is as follows:

### OFFICE OF CHILDREN AND YOUTH SERVICES

Child care fund .....	\$	32,735,500
County juvenile officers .....		2,902,700
Adoption subsidies .....		21,011,800

### GENERAL ASSISTANCE

General assistance—grants and payments .....		13,159,500
--	--	------------

### SUPPLEMENTARY SECURITY INCOME

Supplementary security income to community mental health clients .....		11,788,500
--	--	------------

### MEDICAL SERVICES

Medicaid to community mental health clients .....		16,564,900
---	--	------------

### FIELD POLICY AND OPERATIONS ADMINISTRATION

Job start .....		1,660,900
-----------------	--	-----------

### GENERAL ASSISTANCE MEDICAL

County hospitalization .....		40,101,200
TOTAL .....	\$	139,925,000

(2) When it appears to the principal executive officer of each department that state spending to local units of government will be less than the amount that was projected to be expended for any quarter, the principal executive officer shall immediately give notice of the approximate shortfall to the department of management and budget, the senate and house appropriations committees, and the senate and house fiscal agencies.

Sec. 202. Money appropriated in section 101 shall not be expended for per diem payments for department of social services boards and commissions. Members of those boards and commissions shall be entitled only to reimbursement for expenses.

Sec. 203. The department of social services may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the department of social services for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

Sec. 204. There is hereby created a contingency fund from unexpended appropriations authorizations for the department of social services for the fiscal year ending September 30, 1991. The fund shall be available as needed for the aid to families with dependent children program, the general assistance program, and the children's foster care program for caseloads or average payments which exceed the levels used to develop the appropriation for these programs, and for the medical assistance program for costs which exceed the appropriated levels. The fund shall be used only after the director of the department of management and budget approves the revised expenditure plan submitted by the director of the department of social services. The director of the department of management and budget shall report in writing 30 days prior to the expenditure to the senate and house appropriations committees. The report shall include the reason for use of the fund, the amount needed, and the accounts from which the funds will be taken.

Sec. 205. In addition to funds appropriated in section 101 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and disallowances an amount equal to total write-offs to be expended from an equal appropriation in prior year revenues. The department of social services shall report annually, immediately following book closing, to the house and senate appropriations committees on social services on the amounts and reasons for the write-offs.

Sec. 206. The director of the department of social services may transfer county matching revenues among the county revenue accounts established in section 101. Transfers may be made to correct for discrepancies between appropriated and actual county matching revenues. At least 10 days prior to making such a transfer, the department of social services shall report to the senate and house appropriations subcommittees on social services and to the department of management and budget as to the amounts and reason for the transfer.

Sec. 207. If a legislative objective of this act or the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.1 to 400.121 of the Michigan Compiled Laws, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations or a final federal court order, the department of social services shall notify the house and senate appropriations committees and the house and senate fiscal agencies of that fact. Upon receipt of the notification, a joint house and senate committee made up of the members of the appropriations subcommittees on social services of the senate and house of representatives shall be appointed to meet with the director of the department of social services to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to attain that legislative objective.

Sec. 208. The department of social services shall submit to members of the house and senate appropriations subcommittees on social services, the house committee on social services and youth, and to the house and senate fiscal agencies, copies of all department of social services responses to all audit reports issued by the auditor general.

Sec. 209. From the funds appropriated in section 101 for training and staff development, the department of social services may spend up to \$250,000.00 to fund a partial tuition refund program.

Sec. 210. When a recipient of assistance funded under this act is paid more than the amount to which the recipient is legally entitled, the department of social services shall institute procedures to recover the overpayment. The department may reduce subsequent grants in an amount that will ensure repayment of the overpayment. The director of social services shall establish reasonable limits on the proportion of the payments that may be deducted, so as not to cause undue hardship on recipients.

Sec. 212. New programs or initiatives shall not be implemented unless an enacted source of revenue is provided to fully fund said programs or initiatives.

Sec. 213. Irrespective of any hiring restrictions that may be imposed within the executive branch, it is the intent of the legislature that the department shall staff up to the authorized FTE level in the assistance

payments salary and wage line item and to the highest level of full-time equivalent positions that the appropriations in section 101 will sustain in all other line items with explicit position authorization. The department shall take the necessary steps to ensure that the appropriations in section 101 for salaries and wages are not overspent.

Sec. 214. The appropriations in section 101 include continued funding for the rate increases appropriated by the legislature in fiscal year 1989-90 for the following providers and recipients:

- (a) Inpatient hospital diagnostic related group prices and per diems.
- (b) Outpatient hospital fee screens.
- (c) Pharmacy dispensing fee.
- (d) Physician services.
- (e) Home health services.
- (f) Auxiliary medical services.
- (g) Health maintenance organizations.
- (h) Early periodic screening, diagnosis, and treatment.
- (i) Social services for the physically disabled.
- (j) County juvenile officers.
- (k) Family foster care rates.
- (l) Adoption subsidy rates.
- (m) Child care fund.
- (n) Day care payments rates.
- (o) Coordinated child care council's purchased day care.
- (p) Teenage parent counseling.
- (q) Family preservation services.
- (r) Child abuse and neglect programming.
- (s) Intensive community supervision.
- (t) Personal needs allowance for recipients of aid to families with dependent children.
- (u) Personal needs allowance for recipients of general assistance-families.
- (v) Personal needs allowance for recipients of general assistance-without children.
- (w) Personal care services payments for eligible recipients of supplemental security income.
- (x) Personal needs allowance for supplemental security income recipients living in adult foster care homes or homes for the aged.
- (y) Incidental needs allowance for general assistance recipients in substance abuse treatment centers or room and board situations or in homes for the aged.
- (z) Job start monthly training allowance.

Sec. 215. (1) The departments of mental health, public health, social services, and transportation, and the office of services to the aging within the department of management and budget shall implement a system to identify and collect all of the following information for each county:

- (a) All operational and capital costs of services provided, contracted for, or purchased, to transport clients or program participants within the county, including all other funds received and expended for those purposes by the department.
- (b) Population groups utilizing transportation services and what percentage of the total each population group is.
- (c) Services received through transportation provided by percentages of the dollar total.
- (d) All funding sources for transportation and amounts from each source.
- (e) The existence of interagency or countywide transportation planning or coordination and the extent to which each state department participates, if known.

(2) The information collected for fiscal year 1990-91 shall be submitted by each department by December 31, 1991, to the house and senate appropriations subcommittees on social services and the department of management and budget.

Sec. 216. (1) The use of low cost competitive bidding for department purchase of service contracts shall not be based solely upon cost. In addition to price of the service to be contracted, the following criteria shall be considered in the selection of vendors for purchase of service contracts:



- (a) Experience and expertise of the potential contractor related to the services to be delivered.
- (b) Staff qualifications.
- (c) Evaluation of performance of past contracts.

(2) The department shall advertise specifically to inform potential minority, female, and handicapper contractors of the availability of funds and to recruit minority, female, and handicapper contractors to provide services.

Sec. 217. (1) It is the intent of the legislature that the funds appropriated in section 101 will permit the department or agency to carry out each program for the entire fiscal year, unless a shorter period is provided in law.

(2) The department or agency shall not make or authorize an expenditure or incur an obligation that exceeds or results in spending that will exceed the amount appropriated in section 101.

(3) In consultation with the department of management and budget, the department or agency shall, for each appropriation, develop a spending plan allotting the amount appropriated over the full 12 months of the fiscal year ending September 30, 1991.

(4) The department or agency director shall advise the director of the department of management and budget if an appropriation in section 101 will not permit the department or agency to carry out the specific program by line item as mandated by the legislature for the entire fiscal year. The department or agency director shall consider both the amount appropriated for each line item and the sufficiency of projected sources of financing when deciding whether the appropriation will last the entire fiscal year. If the director of the department of management and budget concurs with the projections of the department or agency, the directors of the department of management and budget and the department or agency shall advise the chairpersons of the senate and house appropriations committees, and the chairpersons of the appropriate appropriations subcommittees that an amount appropriated in section 101 will not permit the department or agency to carry out the program mandated by the legislature for the entire fiscal year.

(5) If both of the appropriations committees disagree with the conclusion of the director of the department of management and budget and the department or agency director within 10 days, the house fiscal agency and senate fiscal agency shall immediately publish estimates of whether the amount appropriated, including all sources of financing assumed in the appropriation, will permit the department or agency to carry out the program mandated by the legislature for the entire fiscal year.

(6) If the legislature does not act within 30 days of the notice from the department of management and budget and the department or agency directors provided in subsection (4), to either:

- (a) Reduce the mandated level of service;
- (b) Authorize the program to end before the fiscal year is completed; or,
- (c) Increase the amount of the appropriation by supplemental or transfer, then the department or agency shall reduce the rate of spending in order to carry out the legislature's intent that the specific program by line item be carried out for the full fiscal year.

## **EXECUTIVE OPERATIONS**

Sec. 301. The office of inspector general of the department of social services shall submit to the chairpersons of the house and senate appropriations committees and the members of the house and senate appropriations subcommittees on social services a quarterly report summarizing its activities. This quarterly report shall include the number of cases closed, the monthly grant savings resulting from closure, the number of administrative reimbursement cases and the amounts ordered and collected, and the amount of restitution ordered and actually received.

Sec. 302. (1) Funds appropriated in section 101 for senior citizen programs shall be allocated by the office of services to the aging. Priority for distribution of the funds shall be given to services and programs which help reduce institutionalization among seniors and enable seniors to maintain their ability to function in the least restrictive setting. Funds shall not supplant existing funding for services and programs, but may be used to augment existing funding for services and programs.

(2) Of the amount appropriated in section 101 for senior citizen programs, the department of social services may retain and utilize up to \$750,000.00 to procure assistance for qualified adult home help recipients in completing and filing employment tax forms. Employment taxes shall include taxes required by the federal insurance contribution tax act (FICA), the self-employment contribution tax act (SECA), the federal unemployment tax act (FUTA), and applicable state acts. The department may procure assistance by contract with the area agencies on aging or with other competent service providers.

Sec. 303. The department shall continue the data base integration project, and identify the procurement of needed hardware that will support and enhance data processing within the department.

Sec. 304. From the funds appropriated in section 101 for adult home help, the department may spend up to \$250,000.00 to purchase vocational rehabilitation services from Michigan rehabilitation services, department of education. These funds shall be used by the department of education as the local match necessary to gain federal funds.

Sec. 305. The department may receive local funds to be applied toward the purchase of local office automation equipment. Such equipment shall only be purchased through appropriate departmentwide automated data processing equipment contracts, and shall be the property of the department.

Sec. 306. The department of social services may retain a portion of the state's share of food stamp overissuance collections to offset the state share of the costs of department collection activity. The department may retain the lesser of total collected or an amount equal to the state share, after application of all federal matching revenues, of the department's costs incurred in the investigation and recoupment of food stamp overissuances. Retained collections shall be applied against federal funds deducts in all appropriation units where such costs are incurred.

Sec. 307. Staffing increases for executive operations licensing functions appropriated for fiscal year 1990-91 shall not take place except to the extent of increased licensing fees revenue.

Sec. 308. The department shall develop a plan to reduce expenditures in the chore services component of the adult home help program by \$3,000,000.00 GF/GP. The plan shall be submitted to the house and senate subcommittees on social services by October 1, 1990.

#### **FIELD POLICY AND OPERATION ADMINISTRATION**

Sec. 401. The amounts of any remaining unencumbered fund balances for the multidisciplinary pilot project, the Michigan opportunity skills training program, office automation, the teenage parent counseling program, the high school completion project, the wage reporting work project, director's discretionary fund, senior citizens programs, central office relocation, Wayne county children and youth services decentralization, and the neighborhood corps program appropriated for the fiscal year ending September 30, 1990 shall be authorized for expenditure in the fiscal year ending September 30, 1991.

Sec. 402. The funds appropriated in section 101 for the Michigan opportunity skills training program shall be expended in accordance with sections 403 to 421.

Sec. 403. As used in sections 404 to 421:

(a) "Community work experience program" means a program of training in which a participant gains useful experience, work habits, and job skills by performing a service for a public purpose on behalf of a public agency or nonprofit private employer. Participation shall be by an agreement between the department of social services and the public agency or nonprofit employer.

(b) "Employment and training worker" means an employee of the department of social services who assesses the skills, education, and job experience of applicants and recipients, determines the most appropriate placement of recipients as described in the Michigan opportunity skills training program, and develops contacts with employers and providers of services under the Michigan opportunity skills training program through whom recipients may be placed.

(c) "Good cause" means any of the following:

(i) Child care is needed, and adequate child care is not available. Adequate child care is care which is appropriate to the age, special handicaps, and other conditions of the individual child, where the provider meets applicable federal and state standards.

(ii) The person suffers from a temporary illness or was involved, or his or her immediate family was involved, in a recent accident or other comparable emergency.

(iii) The person is not required to participate pursuant to section 404.

(iv) Compliance would interfere with the likelihood that the person would be reemployed at his or her regular, full-time place of employment within 30 days.

(v) An approved plan for permanent rehabilitation or self-support is currently in process, and compliance would interrupt these services or activities.

(vi) Employment, education, or job training is not available within 1-hour travel time or is inaccessible by available transportation at a reasonable cost.

(vii) Employment involves unreasonable requirements such as excessive work hours, dangerous or unlawful working conditions, or is not within the person's physical or mental capabilities.

(viii) The person alleges discrimination on the basis of religion, race, color, national origin, age, sex, height, weight, or marital status as prohibited under the Elliott-Larsen civil rights act, Act No. 453 of the Public Acts of 1976, being sections 37.2101 to 37.2804 of the Michigan Compiled Laws, and is taking legal action to redress his or her grievance.

(d) "Job club" means a formal gathering of recipients for the purpose of acquiring job search skills and securing employment through direct personal contact with prospective employers.

(e) "Recipient" means a person receiving general assistance, aid to families with dependent children, food stamps, or refugee assistance.

(f) "Recipient who is required to participate" means a person who, under section 404, is not exempted from participation in the Michigan opportunity skills training program and may include, at the option of the county, an applicant for aid to dependent children for the unemployed or general assistance who has had a recent connection with the labor force or who is a high school graduate for the sole purpose of participating in job clubs.

(g) "Recipient who is not required to participate" means an applicant for general assistance, aid to families with dependent children, or food stamps, or a recipient who, under section 404, is exempted from participation in programs under the Michigan opportunity skills training program.

Sec. 404. (1) A recipient shall not be required to participate in, but may volunteer for, the Michigan opportunity skills training program, if he or she is any of the following:

(a) A minor less than 16 years of age.

(b) A full-time high school student less than 19 years of age.

(c) A care-giver parent of a child less than 1 year of age unless the care-giver parent is less than 20 years of age and has not completed high school.

(d) A parent of 3 or more children under 10 years of age during hours in which the parent is required to be in the home to care for the minors.

(e) An adult who is a parent of minor children in a 2-parent household if the other parent is participating in the Michigan opportunity skills training program.

(f) Required to be in the home due to the disability or illness of a relative living in the same dwelling unit, if no other care is available.

(g) Sixty years of age or older.

(h) Participating in a program of job training or education approved by the department.

(i) Employed or self-employed, 30 or more hours per week, and earning income at an hourly rate no less than the current minimum wage for the kind of work being performed, or working less than 30 hours per week and earning a total weekly income no less than the amount found by multiplying the current minimum wage for the kind of work being performed by 30 hours.

(j) Has a medically verifiable illness that prevents full- or part-time work. This condition must be verified in writing by a physician and approved by him or her as a condition that prevents employment.

(k) Is currently undergoing treatment for substance abuse. This condition shall only apply for 1 year in the lifetime of each recipient.

(l) Was, within the past 5 years, a resident of a mental institution, or presently is using prescribed medication to control a condition of mental illness, as defined in section 1001a of the mental health code, Act No. 258 of the Public Acts of 1974, being section 330.2001a of the Michigan Compiled Laws. A person described in this subsection may volunteer for the Michigan opportunity skills training program if that person has a treatment plan developed by his or her case manager, therapist, or program director, which provides for employment and training services.

(m) An applicant for general assistance, aid to families with dependent children, or food stamps who would not be required to participate if he or she was a recipient in 1 of the categories in this section.

(2) Any recipient may volunteer to participate and shall be given priority in placement.

(3) Notwithstanding other requirements to register and participate in the Michigan opportunity skills training program, no primary care-giver parent who personally provides care to a child under 6 years of age shall be required to participate in any program other than:

(a) Education, if the primary care-giver parent does not possess a high school diploma or its equivalent and quality day care services are available and provided. However, the primary care-giver parent may choose to participate in a program other than education.

(b) Education, job skills training, or work experience related to job skills development if the parent possesses a high school diploma or its equivalent and quality day care services are available and provided.

Sec. 405. (1) Upon certification of eligibility for aid to families with dependent children, general assistance, food stamps, or refugee assistance, the employment and training worker shall assess the education and job skills for each applicant whose eligibility has been certified and all recipients who are required to participate and shall determine a program of available education or job training that will allow a recipient to secure employment.

(2) The department and the county social services boards shall develop community work experience program positions for participants under this program.

(3) The county director, upon the recommendation and approval of the county social services board, shall negotiate contracts with employers in the public, private, and nonprofit sectors regarding employment, educational, and job training programs for recipients who are required to participate and for volunteers.

(4) The county director, upon the recommendation and approval of the county social services board, shall negotiate contracts to create job clubs to assist recipients who are required to participate and to assist volunteers in acquiring job search skills necessary to secure employment. In geographic locations where appropriate, counties may join together to establish job clubs to perform these services if a contract with an outside agency cannot be made.

(5) The county director, with the recommendation and approval of the county social services board, shall negotiate contracts with public or private institutions of higher education or vocational education or the school boards of school districts operating vocational skills centers to provide vocational training for recipients who are required to participate or who volunteer. If other forms of student financial assistance are not available, the county director with the recommendation and approval of the county social services board may negotiate for reimbursement for the cost of tuition, books, fees, and other expenditures required by the institution.

(6) The department shall coordinate programs of education and job training to assist recipients in becoming self-supporting.

(7) The county director with the recommendation and approval of the county social services board may coordinate and develop programs which provide day care to the minor children of participants under this program for families who require day care. The department shall make every effort to assign recipients, pursuant to section 408, who shall provide staff service in day care centers under this section.

(8) The director shall grant approval of county plan proposals if all of the following provisions are complied with:

(a) The county office and the county social services board provide an opportunity for public comment in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws, with notices sent to all interested parties. Any written comments of members of the public pertaining to the county plan proposal shall be forwarded to the director along with the plan proposal.

(b) The plan is not in violation of applicable federal or state law, administrative rule, regulation, or policy.

(c) The plan conforms to, and is consistent with, published objectives of the department.

(d) The plan conforms to planning instructions and manual materials.

(e) The plan permits voluntary participation of recipients in the service components described.

(f) The plan does not exclude any public assistance recipient category from employment-related services. The local office may allocate reasonable target percentages for each public assistance recipient category and include these percentages.

(g) The plan addresses the manner in which the county office establishes service components, assigns recipients, and makes services available.

(9) The director shall designate a person or persons to review plans to make recommendations for disposition.

(10) Any denial of a county plan by the director shall be reported by the director on a quarterly basis.

(11) A job club shall report quarterly to the department of social services, which shall in turn report to the senate and house appropriations subcommittees on social services, on the number of unsubsidized placements it

has achieved for participants and on other services and benefits it provides its participants. The department shall negotiate performance-based contracts for job clubs in order to assure that payment shall only be made based upon successful placements of clients in unsubsidized employment. The department may determine the amount of payments for successful placements, with such payments paid to providers in increments of 50% after 30 days, 20% after 60 days, and 30% after 90 days of retention in full-time employment.

(12) A county plan shall include a requirement that program participants be provided written certification that they will not be subject to working conditions, duties, personnel policies, or practices that are more or less favorable than those applied to other employees engaged in similar activities.

(13) A county plan must include a description of a review process for participant-initiated review of the appropriateness of assignment and conditions at the worksite.

(14) The configuration of local private industry councils shall include at least 1 county department of social services director or his or her designee.

Sec. 406. (1) All recipients who are required to participate shall participate in the employment, educational, or job training programs described in the Michigan opportunity skills training program unless the recipient shows good cause why he or she should not participate.

(2) A recipient who is required to participate but who refuses to participate without good cause shall initially have his or her needs removed from the general assistance or aid to families with dependent children grant until he or she elects to participate. If a recipient refuses to participate a second time without good cause after an earlier refusal to participate without good cause, the recipient's needs will be removed from the aid to families with dependent children or general assistance grants for 3 months or until the recipient agrees to participate, whichever is longer. All further refusals to participate without good cause will result in the removal of a recipient's needs from the aid to families with dependent children or general assistance grants for 6 months or until the recipient agrees to participate, whichever is longer.

Sec. 407. The department of social services shall cooperate with other state and local governmental agencies and county social services boards in developing employment, educational, and job training programs and in placing recipients who are required to participate and volunteers in these programs. If possible, these programs shall utilize existing available funds from the federal government for education and training and shall prioritize assignment of employable recipients in an order that most effectively reduces the cost to the state general fund for public assistance programs.

Sec. 408. (1) If a recipient who is required to participate has a recent connection with the work force or has readily marketable job skills, he or she shall be immediately assigned to a job club as described in section 405(4).

(2) Recipients who are required to participate who lack recent connection with the work force or readily marketable skills shall, if possible, be placed in a program of job training. A participant in a program of job training may also be required to participate in job seeking.

(3) If a job training program is not appropriate for or available to a recipient who is required to participate, the employable recipient shall be required to participate in an educational or rehabilitation program, if possible, as a condition for continued eligibility for general assistance or aid to families with dependent children.

(4) If an employable recipient has earned a high school diploma or completed a general educational development program, that recipient may be required to participate in a program of vocational training or higher education that potentially will give the participant qualifications for a specific type of employment, excluding programs for degrees beyond the baccalaureate level.

(5) If a recipient who is required to participate has not earned a high school diploma or general educational development equivalent, that recipient may be required to participate in such a program.

(6) If a recipient who is required to participate lacks the educational skills necessary for participation in other educational programs, that recipient shall be required to participate in courses of remedial education, if available.

(7) A participant in an educational program described in this section shall not be required to pay his or her own tuition, mass transportation costs, or other approved expenses directly related to the requirements of this section.

(8) If, for any reason, a recipient cannot be placed in 1 of the above programs, the recipient shall be required to participate in a community work experience program. A participant in community work experience may also be required to participate in a job club or educational activity.

(9) This section establishes a continuum of services and the priority of services under the Michigan opportunity skills training program. All counties shall follow this continuum of services in providing programming for participants in the Michigan opportunity skills training program and shall make every effort to seek appropriate services under this continuum before assigning a participant to the next level of services or programming.

Sec. 409. The department of social services, with the approval of the house and senate appropriations subcommittees on social services, shall establish an evaluation and reporting requirement for all contracts funded under the Michigan opportunity skills training program. The evaluation shall include specific performance standards for each of the components of the Michigan opportunity skills training program, the number of recipients who completed each program, and the cost per recipient in each component of the Michigan opportunity skills training program. A contract may be canceled if the contractor does not meet the performance standards established by the department. The evaluation system shall be developed in conjunction with recipient advocate organizations. Evaluation reports shall be provided to the house and senate appropriations subcommittees on social services on a quarterly basis.

Sec. 410. (1) A recipient who is required to participate shall not be required under the Michigan opportunity skills training program to participate in a community work experience program more hours per month than is derived by dividing his or her total assistance grant, less any child support collected excluding the amount rebated to the client by the current minimum wage. A participant may be required to participate in education or job club up to 40 hours per week.

(2) A recipient shall not be placed at a training site if an employer has discharged or laid off a regular employee or reduced his or her work force with the intention of filling the vacancy created by hiring a recipient under the Michigan opportunity skills training program.

Sec. 411. (1) An employment and training worker shall, on a quarterly basis, contact educational institutions to determine the level of progress being made by recipients assigned to educational activities under the Michigan opportunity skills training program. A recipient who fails to participate without good cause is subject to sanction pursuant to section 406.

(2) The employment and training worker shall at least quarterly review and assess the placement of participants under the Michigan opportunity skills training program.

(3) The employment and training worker may develop employer, job training, and community work experience contacts for placement of participants within the jurisdiction of the office of the department to which the employment and training worker is assigned.

(4) From the funds appropriated in section 101, employment and training workers may be allowed to purchase, with the approval of the county director, periodicals, training manuals, and other items which facilitate placement of participants in employment.

Sec. 412. The department shall report to the house and senate appropriations subcommittees on social services on the employment status of Michigan opportunity skills training program participants at 3-month intervals for a full year following their completion of the program.

Sec. 413. Persons assigned to educational programs who are in continuous program studies shall not be required to participate in job clubs, job search, or job referrals during their school breaks or vacations.

Sec. 414. (1) From the Michigan opportunity skills training program funds appropriated in section 101 for county departments of social services for the fiscal year ending September 30, 1991:

(a) Fifty-five percent of the amount and related carryforward funding shall be allocated to the county departments, with each county receiving that portion derived by multiplying the amount to be allocated by the county's aggregate public assistance recipient population which shall consist of the number of aid to families with dependent children, general assistance, and nonpublic assistance food stamp recipients, divided by the state's total public assistance recipient population.

(b) Forty-five percent of the amount and related carryforward funding shall be allocated to the county departments based upon the receipt, and approval by the director or his or her designee, of locally based proposals that describe specific services to be targeted at the hard-to-serve population subgroups identified in the family support act of 1988, Public Law 100-485.

(2) Of the funds allocated to counties under this section, the department of social services may reallocate money that is not committed by counties for contracts or county set-asides to other counties under subsection (1)(b) before April 1, 1991.

(3) The funds appropriated under this section may be expended only for purposes described in this program.

(4) For counties with more than 1 department of social services office, the county social services board may allocate funds appropriated under this section to department offices.

Sec. 415. From funds allocated in section 414, the department shall make available to recipients funds for transportation. The department may also make available funds for minor car repair, tool purchases, clothing, medical and dental care, and other supportive services if these funds will assist recipients in seeking, obtaining, and retaining unsubsidized employment.

Sec. 416. Notwithstanding section 414, up to 5% of the total of the funds described in section 414 may be used by the department of social services to develop statewide contracts, pilot projects, and demonstration projects, or special contracts requested by counties. The department shall report on these contracts and pilots to the house and senate appropriations subcommittees on social services.

Sec. 417. Notwithstanding other provisions of this act, if a person who is employable provides day care in the home for Michigan opportunity skills training program participants, then the provision of those services shall be deemed to meet the Michigan opportunity skills training program participation requirements for that provider.

Sec. 418. Of Michigan opportunity skills training program funds appropriated in section 101, the department, together with other agencies, may establish special projects to provide employment training, placement programs, and community service programs for persons leaving prison and who are on parole. By April 1, 1991, the department shall report to the house and senate appropriation subcommittees on social services on the expenditures, numbers of persons served and the types of services provided through the special projects established under this subsection. The department shall assess the effectiveness of the special projects in reducing recidivism.

Sec. 419. The department shall report to the senate and house appropriations subcommittees on social services and the department of social services by April 1, 1991 on the number of early childhood development classes provided to welfare clients and the number of welfare clients who attended these classes.

Sec. 420. The department shall offer subsidies from the funds appropriated in section 101 to nongovernmental employers for the grant diversion programs for the on-the-job training, hiring, and employment of aid to families with dependent children recipients and general assistance and job start recipients. An aid to families with dependent children recipient or general assistance or job start recipient employed by a nongovernmental employer receiving a subsidy under this section shall continue to be eligible for medical assistance or for the general assistance medical program for the length of that employment subsidy. A nongovernmental employer shall be eligible to receive a payment under this section only if all aid to families with dependent children recipients and general assistance or job start recipients employed by the employer receive the same salaries and wages as the employer pays all other employees in the same or equivalent positions. If an aid to families with dependent children recipient or general assistance or job start recipient is terminated, without good cause, from employment described in this section, the department shall reinstate the person's full assistance benefits with a minimum of delay, if the aid to families with dependent children recipient or general assistance or job start recipient meets the appropriate eligibility standards.

Sec. 421. (1) From the funds appropriated in section 101 for the Michigan opportunity skills training program, the department of social services shall develop a public service employee program. Under this program, local department of social services offices shall hire aid to families with dependent children and general assistance recipients for entry level public service aide I positions. These positions shall be time-limited and shall be employment and training slots that shall not supplant existing department of social services employees. The department shall reinstate the person's full assistance benefits with a minimum of delay if the aid to families with dependent children recipient, general assistance recipient, or job start recipient meets the appropriate eligibility standards upon termination of the time-limited training slot. Expenditures for this purpose shall not exceed net \$2,800,000.00 of state general fund/general purpose money.

(2) It is the intent of the legislature that the appropriate federal, county, or private funds, such as job training partnership act, aid to families with dependent children, or federal match be utilized to the extent possible. These funds shall be available to the department of social services and shall be appropriated and allotted to the department as they are received.

(3) In order to partially fund the public service employee program, the department may transfer federal and general fund authorization from the aid to families with dependent children, general assistance, medicaid, and general assistance medical accounts to the Michigan opportunity skills training account on a quarterly basis.

These transfers shall be in recognition of the aid to families with dependent children and general assistance grant expenditures and medicaid and general assistance medical expenditures that would have been paid to the public service employees as normal grants or medical expenditures.

Sec. 422. (1) From the federal money received for child support incentive payments, up to \$6,954,900.00 shall be retained by the state and expended for legal support contracts, state incentive payments, and salaries and wages for office of child support staff in the income and supportive services administration.

(2) At the end of the 1989-1990 fiscal year, the department may, when it is cost beneficial to the state and counties, withhold from submitting to the federal office of child support administrative expenses eligible for federal financial participation. The department may recoup earned but unclaimed federal funds from the resulting increased federal child support incentive. The recoupment by the department shall be made prior to distribution of the increased incentive to the counties. Any incentive funds retained by the state under this section shall be separate and apart from incentive funds retained in any other section of this act.

Sec. 423. (1) The department of social services may refer general assistance or job start applicants or recipients to the Michigan neighborhood corps program, which shall provide employment opportunities for persons receiving or eligible to receive general assistance. The Michigan state housing development authority shall administer the program.

(2) Any general assistance applicant or recipient may volunteer for the Michigan neighborhood corps unless he or she has dependent children living with him or her, is enrolled in school, or is less than 18 years of age. Priority shall be given to applicants or recipients who are 18, 19, or 20 years of age. Disabled recipients may volunteer for appropriate placements.

(3) Participation in the neighborhood corps is subject to all of the following:

(a) Michigan neighborhood corps participants shall make a 1-year commitment to the corps program.

(b) If a participant is unemployable or there are other good cause reasons why he or she is unable to participate, he or she shall be referred back to general assistance and the position shall be filled by a new applicant.

(c) If there is a dispute regarding whether there is good cause for failure or refusal to participate, the participant may request an administrative hearing to be conducted by the department at the time the participant applies for general assistance.

(d) If the participant does not have a good cause for refusing to participate, he or she shall not be eligible to receive general assistance for 90 days.

(4) Participants shall be eligible for medical coverage through department programs.

(5) Participants shall not be eligible to receive general assistance cash benefits.

(6) Earnings from the corps are to be excluded in determining general assistance eligibility or benefit levels for other individuals living in the home with a participant.

(7) To the extent allowed by federal regulations, earnings from the corps are not to be considered in determining eligibility or benefit levels for aid to families with dependent children families.

(8) Participants shall not be eligible to receive unemployment insurance benefits from this state.

Sec. 425. (1) The department of social services shall administer a school completion program to provide incentives for low-income Michigan residents to graduate from high school.

(2) The program shall provide payment for tuition for up to 80 credits at any community college in this state. The payment shall be provided for any person who meets the following criteria:

(a) The person's family income is currently, and was for the calendar year prior to application, below the poverty level.

(b) The person graduates from high school or completes the general educational development test before 20 years of age. The payment shall only be made for courses taken during the 4 years immediately following graduation from high school or completion of the general educational development test.

(3) Medical coverage shall be provided to former aid to families with dependent children recipients who are eligible for this program and who agree to identify any health or medical insurance or any other third party health insurance resources for the purpose of third party liability claims by the state.

(4) A recipient shall only be eligible for medical coverage during the period that he or she is actively enrolled in community college and has tuition payments made under this program.

(5) The medical services received by recipients shall only be obtained from providers enrolled in the Michigan medical assistance program, and the payments for these medical services shall be at the then current medicaid rates.



(6) Any person participating in the school completion program who completes 60 credits at a community college within 4 years immediately following graduation from high school or completion of a general educational development test shall be eligible for a voucher valued at not more than \$2,000.00 for tuition at any Michigan 4-year college or university. The voucher shall only be valid during the 2-1/2 years immediately following completion of 60 credits at a community college in this state.

(7) The department shall ensure that the school completion program is well publicized and that potentially eligible low-income persons are provided information on the program. All information on the school completion program shall include an explanation of medical services benefits that are available to former aid to families with dependent children recipients through the department of social services.

(8) The department shall work closely with community colleges and 4-year colleges and universities to develop an application and eligibility determination process that will provide the highest level of participation while ensuring that all requirements of the program are met.

(9) Payments made through the school completion program shall not be used by any recipient for theology or divinity programs.

(10) Not later than March 1, 1991, and each year thereafter, the department shall submit a report on the school completion program to the senate and house appropriations committees. The report shall provide specific details on the progress of implementation of the program, the number of persons potentially eligible for the program, the number of persons actually determined eligible for the program, total payments in the immediately preceding fiscal year, and total payments to date. The report shall also identify and recommend solutions to any problems experienced in administering the program.

(11) Tuition payments may be made to Northern Michigan university, Lake Superior state university, Ferris state university, Pontiac business institute, institute of merchandising and design of Lansing, Bay Mills community college, and Lewis business college to the extent that courses, services, and fees and tuition are similar to those at community colleges.

(12) Applications for the program may be taken any time after a student completes the sixth grade. A determination of financial eligibility is valid as long as the student meets other requirements of the program.

Sec. 426. The funds appropriated in section 101 for the immigration legalization assistance program shall be for the use of the departments of social services, education, and public health. The distribution of funds among the 3 departments shall be determined under the terms of an interdepartmental agreement, consistent with the requirements of federal regulations. The department of social services shall be the single point of contact with the department of health and human services regarding the program and shall claim and receive all applicable federal funds. The departments of public health and education shall receive their shares based on presentation of an interaccount bill which states the services provided and the cost to the state of those services.

Sec. 427. From the funds appropriated in section 101, the department shall continue funding the wage reporting project.

Sec. 429. Notwithstanding other provisions of this act, an employable person who provides day care in the home or transportation for Michigan opportunity skills training program participants or respite care for families providing home care for multiple handicapped family members or foster care for children or adults who are released or discharged from any public or private institution for delinquent, neglected, abused children or emotionally disturbed, mentally or developmentally disabled persons or are diverted from any of these institutions shall be considered to meet the Michigan opportunity skills training program participation requirements for that provider. The duration of Michigan opportunity skills training service provisions shall be for a total of 12 months. The department of social services shall explore the use of combined resources, such as grant diversion and foster care payments, in addition to Michigan opportunity skills training supportive services in implementing this section.

Sec. 430. (1) From the funds appropriated in section 101, the department of social services may operate a job start pilot program for unemployed, employable persons, 18 through 25 years of age, in the counties of Genesee, Ingham, Kalamazoo, Muskegon, and Oakland and Wayne county districts as designated by the director. With notice to the house and senate appropriations subcommittees on social services, the director may designate an additional county if 1 of the counties is not feasible as a pilot site. The program shall involve high school completion, intensive job seeking activities, employment training, and community work components to be defined by the department. Financial eligibility shall be the same as for general assistance. Employable 18 through 25 year old persons shall not be eligible for general assistance until they meet the criteria in subsection (3).

(2) Each participant in the program shall be eligible to receive general assistance medical coverage or coverage through the indigent patient care systems in Genesee and Wayne counties, and a monthly training

allowance comparable to what he or she would have received on general assistance, provided that participants in the community work component shall be paid the minimum wage for 35 hours work per week instead of the monthly training allowance.

(3) Any eligible individual who refuses to participate in the program shall be ineligible for general assistance unless he or she demonstrates good cause for not participating. The promise to participate shall not constitute good cause for not participating. Good cause shall include those criteria for nonparticipation in the Michigan opportunity skills training program, as set forth in section 404. The job start program shall provide a hearing process to enable a person to request general assistance rather than participate in job start. The department of social services shall counsel a person required to participate in the program about the procedures for requesting nonparticipation and shall explain the consequences of not participating.

(4) Training allowances or earnings from job start are to be excluded in determining general assistance eligibility or benefit levels for other individuals living in the home with a participant. To the extent allowed by federal regulations, training allowances or earnings from job start are not to be considered in determining eligibility of benefits levels for aid to families with dependent children. Participants shall not be eligible to receive unemployment insurance benefits from this state.

Sec. 431. (1) From the funds appropriated in section 101 for legal support contracts, the department shall allocate \$300,000.00 to the Wayne county friend of the court for the sole purpose of acquiring staff to support the office of the friend of the court in their collection efforts.

(2) The primary emphasis of these staff shall be in the area of child support collections and enforcement for public assistance recipients.

(3) It is estimated that aid to families with dependent children related child support collections will increase as a result of the efforts of these staff to at least cover their costs of employment.

## **OFFICE OF CHILDREN AND YOUTH SERVICES**

Sec. 501. A county receiving state funds for in-home or out-of-home care of children from the appropriations in section 101 shall submit reports to the department of social services at least quarterly or as otherwise required by the office of children and youth services. The reports shall be submitted on forms provided by the director of the office of children and youth services and shall include the number of children receiving foster care services and the number of days of care that were provided. Each county receiving state matching funds for in-home or out-of-home care of children shall provide to the department of social services, at the times and on forms provided by the department, reports including the status of the plan for the return of each child to his or her natural parent, the placement of each child for adoption, or other permanent placement plans for each child.

Sec. 502. In accordance with section 471(a)(14) of part E of title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 671, the following goal is established by state law. During the fiscal year ending September 30, 1991, not more than 3,000 children supervised by the department of social services shall remain in foster care longer than 24 months. The department shall continue to report to the senate and house appropriations subcommittees on social services on the number of children supervised by the department who remain in foster care in excess of 12 months and in excess of 24 months.

Sec. 503. (1) The department of social services shall not place children under 10 years of age in institutions for longer than 30 days. From the funds appropriated in section 101 for foster care payments and the child care fund, reimbursement shall not be provided for institutional stays exceeding 30 days for children under 10 years of age. This limitation may be waived by the director of the office of children and youth services to a stay beyond 30 days if it is determined to be in the best interests of the child.

(2) From the funds appropriated in section 101 for foster care payments, the institutional population of children less than 13 years of age shall not exceed 18% of the total institutional population supported through this account.

Sec. 504. From the funds appropriated in section 101 for foster care payments, the department of social services shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for federal foster care cost sharing. Foster care of American Indian children who are under state court jurisdiction, but whose placement and supervision is with an Indian child placing agency, shall be fully reimbursed if such care is not otherwise eligible for federal foster care cost sharing.

Sec. 505. (1) From the funds appropriated in section 101, a limited number of multidisciplinary team services shall be funded, including coordination, assessment, consultation, and treatment. A 25% local community match is required for coordination. A team shall be composed of a stable group of local community professionals, licensed or certified as required by law, who represent the following disciplines: social work, medicine, and psychology. The use of voluntary professionals is to be encouraged. The team shall have access to legal expertise and shall meet regularly and frequently. Funds may be used to purchase services that focus on all significant members of the family for high risk and chronic protective service and foster care cases. The funds shall not be allocated statewide.

(2) Approval criteria for team programs shall include but not be limited to all of the following:

(a) An agreement between the team and the local department of social services for department case referral and case consultation.

(b) Verification that voluntary efforts currently provided will continue to be maintained at current levels.

(c) An agreement between the team and the local department on procedures for department case closure which reflect the long-term treatment needs of high risk cases referred to treatment to the program.

(d) An emphasis on the provision of services to high risk and chronic protective services cases.

(e) An emphasis on the provision of services to all significant members of the child's family.

(3) Of the multidisciplinary teams which were funded in fiscal year ending September 30, 1989 and which are still operational on April 1, 1990, funding shall be restored to the level appropriated in fiscal year ending September 30, 1989.

Sec. 506. The department of social services shall also provide programs which focus on the special education, training, employment, and social needs of teen-age parents and teen-age expectant parents. These programs shall, wherever available, be coordinated with alternative education programs for school age expectant parents and school age parents and their children as funded under section 93 of the state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being section 388.1693 of the Michigan Compiled Laws.

Sec. 507. The department of social services shall continue a medical or support subsidy until an adoptee reaches the age of 19, if the office of children and youth services determines that the adoptee is a student regularly attending a high school, college, university, or a course of vocational training in pursuance of a course of study leading to a high school diploma, college degree, or gainful employment.

Sec. 508. The department of social services shall charge or cause to be charged a fee for intercountry adoption services. These fees shall be based on the cost of providing the services, with reduced fees for low-income families. These fees shall be used to pay for or contract for personnel and related activities. If it becomes apparent that the fees will not generate sufficient income to support the program, the director of social services shall adjust or cause an adjustment of the fees to permit the program to be self-supporting.

Sec. 509. To achieve the reduction of costs in the adoption subsidy program, the office of children and youth services shall do all of the following:

(a) Screen all residential placements which are subsidized by an adoption medical subsidy to assure the placement and treatment are needed and are in the best interest of the child.

(b) Establish a utilization review procedure for cases in which extensive outpatient therapy for severe emotional problems is subsidized by an adoption medical subsidy.

(c) In conjunction with professional provider groups, establish fee schedules for treatment of emotional problems subsidized with an adoption medical subsidy.

(d) In cooperation with the department of mental health, develop a model for postplacement adoption services, including the screening and monitoring of placements in child caring institutions and psychiatric hospitals.

(e) Limit payment for out-of-home placements in child caring institutions and psychiatric hospitals to short-term crisis placements unless the local community mental health board has determined that a long-term placement is needed. Payments for long-term placements shall be limited to a maximum of 6 months.

Sec. 510. From the funds appropriated in section 101 for foster care payments, the office of children and youth services may use funds for programs to serve children in their own homes or in community-based services, if the service is in lieu of the children being placed in foster care.

Sec. 511. After the end of each fiscal year, the department of social services shall report to the house and senate appropriations subcommittees on social services the total amount of expenditures for child abuse and neglect programming, which shall include expenditures from the day care payment line item and other appropriations line items related to child abuse and neglect.

Sec. 512. The department of social services' ability to satisfy appropriation deductions in section 101 for foster care private collections shall not be limited to collections and accruals pertaining to services provided in fiscal year 1990-91 as specified in section 101 but shall include revenues collected in excess of the amount specified in section 101.

Sec. 513. The office of children and youth services shall compile information on the status of the implementation of section 18(2) of chapter XIIA of Act No. 288 of the Public Acts of 1939, being section 712A.18 of the Michigan Compiled Laws, by counties. The information shall include at a minimum, the amount of money collected from parents by each county for the care of their children and efforts by the office to encourage full compliance with the act, including any adjustments made, if any, to a county's child care fund allocation based on that county's failure to fully implement the act.

Sec. 514. From the funds appropriated in section 101 for day-care payments, the department of social services may provide day-care services to current or prospective foster parents who are in need of day-care services for their foster children in order to become or remain foster parents.

Sec. 515. From the funds appropriated in section 101, the office of children and youth services shall assign new rates to private child care organizations based on a formula that includes the organization's previous year's audited costs. These rates shall recognize the achievement of cost containment measures mutually developed by the office of children and youth services and private child care organizations.

Sec. 516. The office of children and youth services shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists. Existing runaway service contracts shall be exempt from the bids process.

Sec. 517. (1) Effective October 1, 1990, family foster care rates shall be \$11.64 per day for children up to the age of 12, and \$14.52 per day for children 13 to 18 years of age.

(2) A premium of 50 cents per day per child shall be paid to family foster care providers who maintain a smoke free environment.

Sec. 518. The department of social services shall report to the house and senate appropriations subcommittees on social services and the house committee on social services and youth, on a quarterly basis, the following information:

- (a) The percentage and numbers of children and families served by the family reunification funds.
- (b) The number of families served who are still intact 6 months later or who have 1 or more children returned within 6 months of the reunification fund expenditures.
- (c) The type and amount of assistance provided and number of cases by county.

Sec. 519. From the funds appropriated in section 101 for delinquency prevention and treatment, the department of social services shall enter into a contract with the training center of Livonia for \$400,000.00 to assist local communities in establishing youth assistance programs.

Sec. 520. From the funds appropriated in section 101 for teenage parent counseling programs, the department shall enter into a contract with children's aid society for \$180,000.00.

Sec. 521. From the funds appropriated in section 101 for delinquency prevention and treatment projects, the department shall enter into a contract with the bridge of Grand Rapids for \$105,000.00 to provide services to homeless youth. The department is also authorized to continue a homeless youth project in Ingham county.

Sec. 522. Notwithstanding section 117a or 117c of the social welfare act, Act No. 280 of the Public Acts of 1939, being sections 400.117a and 400.117c of the Michigan Compiled Laws, the distribution of collections made to counties by child, parent, guardian, or custodian, on behalf of children in foster care who are wards of the county, shall be made pursuant to section 18(2) of chapter XIIA of Act No. 288 of the Public Acts of 1939, being section 712A.18 of the Michigan Compiled Laws.

Sec. 523. (1) From the funds appropriated in section 101 for children's services, the office of children and youth services shall establish demonstration projects to improve the coordination of and demonstrate whether or not there are benefits of consolidating children and family services.

(2) The office shall report on April 1, 1991 to the house and senate appropriations subcommittees on the cost of the demonstration projects, locations, and descriptions of each.

Sec. 524. (1) Of the funds appropriated in section 101 for foster care payments, a total of 5% of the previous year's total foster care payments expenditures may be set aside in a separate account for prevention services.

(2) Funding from the prevention services account shall be allocated and available to pilot sites in those counties participating in the department of mental health prevention planning model.

(3) A locally constituted human services coordinating body consisting of representatives of the department of social services, community mental health, public health, education, and county government shall prepare a plan to reduce out-of-home placement of children who have been abused or neglected or are identified by the department of social services or the department of mental health as being at risk of being abused or neglected.

(4) A plan prepared under subsection (3) shall be reviewed by the local social services board and submitted to the central office of the office of children and youth services for review and approval, with differences to be negotiated.

(5) Priority shall be placed on those plans which identify gaps in services and which attempt to fill those gaps and create a continuum of care to strengthen family functioning and to enable families to remain intact to the extent feasible.

(6) The balance of funding for the prevention set-aside accounts may be carried forward as work projects into fiscal year 1991-92.

(7) The office of children and youth services shall pursue federal funding flexibility in the use of title IV E funds for in-home services.

(8) Local human services coordinating councils shall explore the ways in which federal and third party funds may be maximized by use of title XIX funding and third party liability including child support orders for health care.

Sec. 525. Of the funds appropriated in section 101 for multidisciplinary teams, at least \$35,000.00 shall be for the family resource center in Kalamazoo.

Sec. 526. Of the funds appropriated in section 101 for intensive supervision/day treatment programs, the office of children and youth services shall continue to fund community centers and shall redirect the programs to intensive short-term day treatment programs based upon a program model that emphasizes family involvement, educational/vocational achievement, and literacy.

Sec. 527. The department shall report on a biannual basis, the monthly number of substantiated children's protective services cases involving congenital drug addiction or fetal alcohol syndrome. The department shall also report on all of the following:

- (a) The number of children by age category in such cases.
- (b) The number of children by sex.
- (c) The number of cases by county.
- (d) The number of children in such cases who have been subject to substantiated repeated instances of abuse or neglect.
- (e) The number of children removed from their homes as a result of such abuse or neglect.
- (f) The number of children remaining in their homes and in which the abusing adult is receiving treatment.
- (g) The number of such children remaining in their homes in which no treatment is ordered.

Sec. 528. The department shall seek notification from the local police department whenever a raid has been conducted in which illicit drugs have been found and children are present in the home. The department shall use protective services workers to investigate all such cases to ascertain the status of the child. The department shall report by April 1, 1991 to the house and senate appropriations subcommittees on social services regarding what contacts local department of social services offices have made with local police and what agreements have been obtained regarding this policy.

Sec. 529. (1) From the funds appropriated in section 101, the office of children and youth services, in conjunction with the federation of private child and family agencies and the county executive of each participating county, shall develop and begin to implement a plan to reduce, from the level of fiscal year 1989-90, the expenditures for the out of home placement of children and youth. The plan shall be accomplished in a way that minimizes the risk of harm to the child or to the community and provides for the most appropriate and effective treatment and placement for the child or youth and his or her family. Development and implementation of community based alternatives in Wayne county and other participating counties shall be coordinated with the county executive. Contracts shall be reviewed by an evaluation committee that includes representation of the participating county officials as part of the screening in the competitive bids process.

(2) To help assure public safety and the health and safety of the child or youth, the office shall implement in Wayne county, and in other participating counties as possible, the risk and treatment needs screening of all children and youth who have been petitioned under the youth rehabilitation services act, Act No. 150 of the Public Acts of 1974, being sections 803.301 to 803.309 of the Michigan Compiled Laws, or Act No. 220 of the Public Acts of 1935, being sections 400.201 to 400.214 of the Michigan Compiled Laws, with the use of the risk and treatment needs assessment instrument developed during fiscal year 1989-90. After such screening, the results shall be shared with the appropriate probate court judge and shall be used in the next dispositional or review hearing as a guide for placement and treatment recommendations by the department.

(3) In preparation for the screening of all Wayne county and other participating counties children and youth petitioned under Act No. 150 of the Public Acts of 1974 or Act No. 220 of the Public Acts of 1935, the department shall train appropriate staff on use of the risk and placement assessment instruments. In addition, the department shall prepare and implement a plan for training of court staff and coordination with the probate juvenile court regarding the use of the risk and treatment needs assessment in placement and treatment plan recommendations and decisions.

(4) The office of children and youth services shall report on June 1, 1991 to the house and senate appropriations subcommittees on the operation of the risk screening for both abused and neglected children and delinquent youth, the risk assessment panel, the number of youth screened, the type of placements of such youth, the number of youth screened as low, medium, and high risk, and the number of placements of such youth categorized by level of security. A definition of each level of placement security and each level of risk to the child or to the community and how such definitions differ from those in effect during fiscal year 1989-90 shall be provided in the report.

(5) In keeping with the goals stated in subsection (1), the department shall test the effectiveness of capping the contractual amounts per agency based on the 1988-89 allowable audited cost. The contracts shall specify performance objectives regarding the number of children and youth to be served and the types of services to be provided. Savings which may accrue due to the implementation of a plan to reduce placement costs may be carried forward by the agency to reinvest in short-term intensive intervention strategies aimed at improving family functioning and reducing the risk to the child's health and safety or risk to the community.

(6) The department shall submit a report quarterly to the house and senate appropriations subcommittees regarding the implementation of the above sections, giving details of allotment amounts and including all of the following:

(a) The location, names, and caseloads of expanded community based services and intensive home based services.

(b) The services to be delivered.

(c) The total number of youth to be served.

(d) Evaluation designs for the contractual, and Wayne county and other counties risk screening pilots, including a design to evaluate the effectiveness of capped contracts in reducing inappropriate out of home placement and the average length of stay in foster care compared to similar placing agencies that are reimbursed on a per diem basis. The evaluation period shall be 3 years, with preliminary results to be reported by September 30, 1991 to the house and senate appropriations subcommittees on social services.

Sec. 530. From the funds appropriated in section 101, at least \$38,000.00 shall be allocated to the adoption option program of planned parenthood of mid-Michigan. The program will provide training and resource development to family planning agencies in Michigan regarding adoption and related services as an alternative for unwanted pregnancies.

Sec. 531. (1) The maximum day care rate for the child care allowance, the day care earned income deduction and transitional child care shall be \$200.00 per month for children under 2 years of age and \$175.00 per month for children 2 years of age and over.

(2) The maximum rate for income eligible, protective services and migrant child care shall be maintained at current funding levels.

(3) The department shall make an assessment of publicly supported child care in Michigan, including the adequacy of title XX day care rates and their comparison to other day care rates, the staffing needs for child care referral services, and the problems with the current payment systems and rates structures. The department shall make recommendations to the house and senate appropriations subcommittees on social services by April 1, 1991. The department may appoint a committee to assist in the assessment and development of the recommendations.

Sec. 532. From the funds appropriated in section 101 for teenage parent counseling, 2 contracts of \$25,000.00 shall be allocated for the purpose of developing a plan to provide comprehensive pre- and post-birth services to

pregnant medicaid eligibles with special emphasis on adolescent pregnancies. This plan may include, but shall not be limited to, counseling for pregnant women and their families, pregnancy support programs, prenatal and postnatal care, teenage parenting programs, and adoption.

Sec. 533. The department of social services shall take the necessary steps to ensure that the appropriation in section 101 for adoption subsidies is not overspent. Such steps may include an adjustment in rates for therapeutic counseling.

Sec. 534. From the funds appropriated in section 101 for delinquency prevention and treatment projects, \$32,000.00 shall be allocated to the urban youth outreach program.

Sec. 535. From the funds appropriated in section 101, the department of social services shall increase funding for the neighborhood family resources center by \$40,000.00.

Sec. 536. From the amount appropriated in section 101 for child abuse and neglect programming, the department of social services may allocate not more than \$50,000.00 for a multi-county pilot program to be administered by a certified home health care agency to prevent child abuse and neglect.

### **RESIDENTIAL CARE DIVISION**

Sec. 601. Counties shall be subject to 50% charge back for the use of alternative regional detention services if they do not fall under the basic grant provisions of section 117e of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.117e of the Michigan Compiled Laws, or if a county operates these programs primarily with professional rather than volunteer staff.

Sec. 602. The amounts appropriated for utilities and that portion of contractual services, supplies, and materials used to pay for utility service to state facilities in section 101 may be expended in a manner consistent with section 253 of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1253 of the Michigan Compiled Laws.

Sec. 603. The appropriation in section 101 for the residential care division for construction shall be subject to the capital outlay planning process provided in the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

### **ASSISTANCE PAYMENTS, SERVICES AND CLERICAL FIELD STAFF**

Sec. 701. From the funds appropriated in section 101 for contractual services, supplies, and materials, the department of social services shall continue to expend \$60,000.00 for the purpose of training adult foster care personnel.

Sec. 702. From the funds appropriated in section 101, the department of social services may base assistance payments workers in hospitals agreeing to pay the state portion of the workers' salaries and related personnel costs. Hospital payments to the department shall be credited to a revenue account established for that sole purpose, and shall be applied against the local funds-donated funds deduct in the assistance payments, services and clerical field staff appropriation unit.

Sec. 703. The central office of the department of social services shall make every effort to ensure that policies which must be implemented by assistance payments workers are distributed to the workers in a timely fashion.

### **AID TO FAMILIES WITH DEPENDENT CHILDREN**

Sec. 801. The department shall expand its absence policy to provide for the retention of children in the aid to families with dependent children grant for up to 12 months after placement when the child is absent from the home for the purpose of mental health treatment, if the case plan is to return the child to his or her home.

Sec. 802. (1) When a recipient or landlord requests that the department of social services make a vendor payment for shelter, that payment shall be withheld from the landlord and payment continued to the recipient if the rental unit is not in compliance with applicable local housing codes. Compliance shall be considered to be met if the department of social services receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes, and that statement is not contradicted by the recipient and the local housing authority. The landlord also shall provide to the department a signed statement indicating who currently owns the property and whether any delinquent taxes are owed.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units which the local authority indicates in writing do not meet local housing codes, until such time as the local authority indicates in writing that local housing codes have been met.

(3) In order to participate in the rent vendoring programs of the department, a landlord shall cooperate in weatherization and conservation efforts directed by an energy provider participating in an agreement with the department pursuant to section 810, the department, or the department of labor when the landlord's property has been identified as needing services.

Sec. 803. From the funds appropriated in section 101 for aid to families with dependent children payments and medical services, the mother of an unborn child shall be eligible to receive aid to families with dependent children and medical services benefits for herself and her child if all other eligibility factors are met. To be eligible for these benefits, the applicant shall provide medical evidence of her pregnancy. If she is unable to provide the documentation, payment for the examination may be at state expense. The department of social services shall undertake such measures as may be necessary to ensure that necessary prenatal care is provided to medicaid-eligible recipients.

Sec. 804. The funds appropriated in section 101 include a special heat allowance for heating fuel, a special needs allowance for heating fuel and electricity, and a winter increment in the basic heating fuel allowance in the aid to families with dependent children and general assistance programs. To the extent allowed by federal law, these payments are not to be counted as income for purposes of computing food stamp benefits.

Sec. 806. The legislative oversight committee created by the Michigan low income heating assistance and shut-off protection act, Act No. 34 of the Public Acts of 1984, being sections 400.1201 to 400.1217 of the Michigan Compiled Laws, shall be reconstituted and shall monitor the home repair and weatherization program and the energy conservation pilot program, shall receive reports from the task force, and shall review and evaluate the department's energy conservation efforts.

Sec. 807. (1) The department shall implement an energy program to be funded from the funds appropriated in section 101 for the purposes of energy cost assistance. It is the intent of the legislature that the policies and funding to implement this energy program shall expire October 1, 1991.

(2) The energy program shall consist of the provisions set forth in the positive billing proposal for fiscal years 1989-90 and 1990-91 of the interim report of the energy assistance task force established under section 1208(a) of Act No. 322 of the Public Acts of 1988.

(3) The department shall continue its pilot program to provide positive incentives to reduce energy consumption.

(4) The department of social services shall not replace a water heater in an owner-occupied home with an electric water heater unless the cost of operating an electric water heater is less than a water heater using another fuel or the cost of converting to a water heater using another fuel exceeds the expected savings in operation costs in the first 3 years following the conversion.

Sec. 808. The department shall implement an energy program to be funded from funds appropriated in section 101 for the purposes of energy cost assistance. Notwithstanding any other provision of this act, the funds described in this section shall not be expended in a manner, nor shall policies be implemented under this act, which increase the standard of need for aid to families with dependent children recipients or general assistance recipients or the personal needs allowances.

Sec. 809. The department shall expend funds as part of an aid to families with dependent children recipient grant or general assistance recipient grant as part of an energy program in addition to basic heating allowances, special heating allowances, and electric portion of utility allowances to prevent loss of energy service. The money expended under this section shall be in place of any emergency needs program payments and shall include payment limits for heat service, electric service, and electric heat service that will be developed by the department and energy providers in consultation with the legislature.



Sec. 810. The department, as it determines is appropriate, shall enter into agreements with energy providers by which aid to families with dependent children and general assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient of basic heating allowances, special heating allowances, electric portion of utility allowances, and payments in excess of those allowances to the extent that the actual energy bill exceeds the allowances for the appropriate service, up to the limits established in subdivision (c) or up to limits negotiated between the department and an individual energy provider. Such agreements with energy providers receiving payments under the department's positive billing system shall additionally include the following provisions:

- (a) Shutoff protection for the recipient during the recipient's participation under the agreement.
- (b) That the department shall not be responsible for payment of an amount owed by a recipient prior to inclusion under an agreement established under this section.
- (c) The department shall make payments in excess of recipient allowances when the actual energy bill exceeds the allowances for the associated service, up to \$260.00 for natural gas heat service, \$430.00 for electric service, other than service provided by entities with fewer than 100,000 Michigan residential customers, in which case the limit shall be \$530.00, and \$690.00 for all-electric living.
- (d) A recipient must agree to vendor both the heating allowance and the electric portion of the utility allowance, if eligible to receive both such benefits.
- (e) A recipient who owes an amount to an energy provider which was due prior to inclusion under an agreement shall agree to have an amount comparable to 1% of the recipient's monthly summer grant paid by the department directly to the provider until 1/3 of the amount owing is paid or the recipient is no longer included under an agreement. Payments of the 1% comparable amount toward amounts outstanding at the time of inclusion under an agreement shall commence after the recipient has discharged any responsibility for payment of required energy allowances.
- (f) A recipient who owes an amount to an energy provider because the recipient's actual bill while participating under an agreement exceeds allowances and additional department payment of \$260.00 for heat, \$430.00 for electricity, other than service provided by entities with fewer than 100,000 Michigan residential customers, in which case the limit shall be \$530.00, or \$690.00 for all-electric shall agree to have an amount comparable to a percentage of the recipient's monthly summer grant level paid by the department directly to the provider. Recipients whose usage pattern indicates that their annual usage will exceed 300,000 cubic feet for natural gas, 13,800 kilowatt-hours for electricity, or 27,600 kilowatt-hours for all-electric shall have an amount comparable to 3% of their monthly summer grant directed to the appropriate provider when actual bills exceed allowances and additional department payment of \$260.00 for heat, \$430.00 for electricity, other than service provided by entities with fewer than 100,000 Michigan residential customers, in which case the limit shall be \$530.00, or \$690.00 for all-electric. All other recipients shall have an amount comparable to 2% of their monthly summer grant directed to the provider when the actual bill exceeds allowances and additional department payment of \$260.00 for heat, \$430.00 for electricity, other than service provided by entities with fewer than 100,000 Michigan residential customers, in which case the limit shall be \$530.00, or \$690.00 for all-electric. Recipients with a 3% comparable payment requirement shall be responsible for continuing such payments until 1/4 of the amount by which the actual bill exceeds allowances and additional department payment of \$260.00 for heat, \$430.00 for electricity, other than service provided by entities with fewer than 100,000 Michigan residential customers, in which case the limit shall be \$530.00, or \$690.00 for all-electric is paid or until the recipient is no longer included under an agreement. Recipients with a 2% comparable requirement shall be responsible for continuing such payments until 1/3 of the amount by which the actual bill exceeds allowances and department payment is paid or until the recipient is no longer included under an agreement. Required 2% or 3% comparable payments shall not begin until the recipient has discharged any responsibility for payments of required energy allowances for the billed service.
- (g) For a recipient participating under an agreement, the energy provider shall, for the purpose of retiring that recipient's debt, match amounts paid as follows:
  - (i) For a recipient with a 1% comparable payment because of an outstanding amount owed at the time of inclusion under an agreement, the energy provider shall match \$2.00 for each required payment dollar received from the department on behalf of the recipient.
  - (ii) For a recipient with a 2% comparable payment because actual bills exceed allowances and additional department payment, the energy provider shall match \$2.00 for each required payment dollar received from the department on behalf of the recipient.
  - (iii) For a recipient with a 3% comparable payment because actual bills exceed allowances and additional department payment and the recipient has a usage pattern indicating that annual usage will exceed 300,000 cubic feet for natural gas, 13,800 kilowatt-hours for electricity, or 27,600 kilowatt-hours for all-electric, the energy provider shall match \$3.00 for each required payment dollar received from the department on behalf of the recipient for current usage.

(h) If a recipient participating under an agreement makes voluntary payments toward an amount owed prior to inclusion under the agreement or toward an amount owed as a result of the actual bill exceeding recipient and additional department payment, the energy provider may elect to match such voluntary payments at the same rate as described in subdivision (g) or section 811 for applicable required payments.

(i) The recipient shall upon termination of participation under an agreement, be responsible for payment of an outstanding amount owed by the recipient prior to inclusion under an agreement or an amount owed as a result of the actual bill exceeding allowances and additional department payment, less any debt retired by the energy provider in accordance with subdivision (g).

(j) The recipient shall, upon termination of participation under this agreement, receive a refund of that portion of the combined withheld heating allowance and electric portion of the utilities allowance that exceeds the total of the heat and electric bills paid by the department. If the recipient is responsible for an outstanding amount owed to the company, the refund is to be paid to the energy provider and the energy provider will match \$2.00 for every \$1.00 received from such a refund.

(k) The energy provider shall, upon a recipient's termination of participation under an agreement, offer that recipient a reasonable repayment agreement over an extended time period for any outstanding obligation of the recipient. The repayment agreement shall not require an initial lump sum payment from the recipient.

(l) The energy provider, upon consultation with the department and the Michigan public service commission, shall develop energy conservation programs to assist recipients participating under agreements to reduce consumption.

(m) The energy provider shall identify participating recipients who are high energy users and shall, in cooperation with the department or its designee, schedule assessment visits to install low-cost conservation items as appropriate, evaluate for referral to provider or government sponsored weatherization programs, evaluate for referral to the department for relocation services, assess for referral to the department's energy intervention unit, and determine need for mandatory installation of a thermostat limiter or electric service limiter in cases where prior weatherization or conservation efforts have not reduced usage as expected. If a recipient refuses to take part in appropriate energy reduction services without good cause, the recipient shall be terminated from participation under an agreement and shall lose shutoff protection.

(n) The department and the energy provider shall take part in developing a systemwide conservation incentive whereby estimated annual liability for arrearages created by participation under the positive billing system agreements is compared to actual liability and any savings attributable to conservation will provide a direct financial benefit to recipients. Savings shall be the result of subtracting actual arrearages from estimated arrearages. The financial benefit to recipients shall be the crediting of 1/2 of the savings to accounts of those participating under positive billing system agreements.

(o) If an energy provider that participated in such an agreement in fiscal year 1989-90 refuses to participate in such an agreement with the department in fiscal year 1990-91, the department may elect not to offer any type of direct payments to such an energy provider, on behalf of the recipients, of basic heating allowances, special heating allowances, or electric portion of the utility allowance. Payment in excess of those allowances, up to the payment caps specified in subdivision (c), may be authorized only if the recipient demonstrates need for the payment through a shutoff notice and the payment will maintain or restore service.

Sec. 811. Notwithstanding sections 810(c), 810(f), and 810(g), the department may enter into a positive billing agreement that provides shut-off protection but that provides for less than the specified matching amounts for client payments and provides that the all-electric living cap of \$690.00 includes separate electric water heating accounts, if the utility, through a settlement agreement, is prohibited from cost recovery through general rate application or limited purpose rate proceedings before the public service commission.

Sec. 812. As part of the energy program funded under this act, the department may make payments in excess of the limits established in section 810 to public assistance recipients if all of the following conditions are satisfied:

(a) The public assistance recipient to whom or on whose behalf the payment is to be made is, at the time of requesting the additional payment, paying an energy provider or is permitting or has agreed to permit the department to directly pay an energy provider, the monthly basic heating allowance, special heating allowance, or electric portion of the utility allowance as appropriate and is not eligible for inclusion under an agreement as established under section 810 or not served by a provider that refuses to participate under section 810(n).

(b) The public assistance recipient has agreed to participate in the weatherization/conservation related service offered by the state or a participating utility and to accept weatherization/conservation when designated by the department to receive that service.

(c) If weatherization/conservation has been determined to be inappropriate for the residence of the public assistance recipient, the public assistance recipient has agreed to relocate to alternative housing, if it is available.

Sec. 813. (1) As part of the energy program funded under this act, an aid to families with dependent children recipient or general assistance recipient who, at the time the recipient is requesting to be included under an agreement established under section 810, is not under such an agreement, who has not paid both the monthly heating allowance and electric portion of the utility allowance, as appropriate, directly to a heating fuel provider, and who has previously received an energy payment under a departmental program shall be eligible to participate in such an agreement only if the recipient agrees to permit up to 5% of the recipient's monthly summer grant, or a comparable amount, to be paid directly to an energy provider to cover nonpayment of required energy allowances.

(2) As part of the energy program funded under this act, an aid to families with dependent children recipient or general assistance recipient who, at the time the recipient is requesting to be included under an agreement established under section 810, is not included under such an agreement and has paid the appropriate monthly allowances directly to an energy provider shall be eligible to participate in such an agreement without agreeing to permit up to 5% of the recipient's monthly summer grant to be paid directly to an energy provider.

(3) Notwithstanding any other provision of this section, an aid to families with dependent children recipient or general assistance recipient who is not under an agreement of the type described in section 810 shall be eligible for an energy assistance payment, as under current department emergency needs program policy, only if it is a first request for energy assistance.

Sec. 814. A provider utility shall be entitled to recover in its rates all qualifying costs incurred pursuant to an agreement between the provider utility and the department for the payment of all or part of assisted households' heating and electric service bills and for costs incurred for energy conservation programs as prescribed in section 810(k). Qualifying costs shall include amounts forgiven for assisted households, prudently incurred energy conservation program costs, the conservation incentive credits and the cost of capital incurred for preenrollment arrearages and energy conservation programs for program years October 1, 1989 through September 30, 1991. For provider utilities who are not covered by the provisions of section 810, recovery of costs incurred for amounts matched in any subsequent agreement shall not exceed the levels described in section 810(g). For those provider utilities regulated by the Michigan public service commission, the cost of capital shall be determined by the overall cost of capital authorized by the commission in the provider utility's most recent general rate case applied to the unrecovered balance of all preenrollment arrearages and energy conservation costs. All such qualifying costs incurred for program years beginning after October 1, 1989 and ending September 30, 1991 shall be subject to deferred accounting and recovery through a general rate case application or shall be subject to timely recovery through separate limited purpose rate proceedings.

Sec. 815. If the department achieves the energy savings required by sections 804 to 814 with full participation by the 4 utilities who have previously participated in positive billing, the house and senate appropriations subcommittees on social services may approve an increase in the department payment caps.

Sec. 816. (1) Notwithstanding sections 810, 811, 812, and 813, the department, as it determines appropriate, shall enter into agreements with energy providers with less than 100,000 Michigan residential customers by which aid to families with dependent children and general assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient of basic heating allowances, the electric portion of utility allowances, and payments in excess of those allowances to the appropriate service, up to the limits negotiated between the department and an individual energy provider.

(2) Agreements with energy providers pursuant to subsection (1) shall include all of the following:

(a) Shutoff protection for the recipient during the recipient's participation under the agreement.

(b) A provision stating participating recipients shall, upon termination of participation under the agreement, be responsible for payment of all outstanding debts to the energy provider.

(c) A repayment plan for participating recipients that provides upon termination by the participating recipient a reasonable repayment agreement over an extended time period for any outstanding debts of the recipient to the energy provider.

(3) An agreement entered into pursuant to subsection (1) may contain requirements and provisions, including those contained in section 810(k), no less favorable to energy providers in general and other provisions as the department and the energy provider may negotiate and agree to.

(4) An energy provider entering into an agreement pursuant to subsection (1) shall be entitled to recover in its rates all qualifying costs incurred in the same manner and no less favorable to energy providers in general as provided in section 814.

Sec. 817. The maximum rate for the day care deduction and special needs allowance for day care shall be \$175.00 per month for children over 2 years of age and \$200.00 per month for children under 2 years of age. The deduction or special needs allowance shall not be reduced due to any percentage of income limitation.

Sec. 818. The department, together with other agencies, may establish special projects to provide special needs shelter payment levels for the program of aid to families with dependent children that will support the development of transitional shelter facilities for homeless families. These facilities are to provide supportive services to families and to support the development of permanent low-income housing. The department shall report to the house and senate appropriations subcommittees on social services the number of families served by these transitional shelter facilities and the effectiveness of the special projects in providing additional low-income housing.

Sec. 819. The department of social services shall not institute a pilot project regarding mandatory code inspection or evidence of current payment of taxes and special assessments without consulting with realtor and landlord associations and local government officials in affected areas of the state. The department shall provide a report to the house and senate subcommittees on social services prior to instituting any demonstration project.

### **GENERAL ASSISTANCE**

Sec. 901. General assistance recipients living in the household of another shall be presumed by the department of social services to have no shelter costs and shall therefore be eligible for a personal needs allowance only. Recipients shall be allowed the opportunity to rebut this presumption before any reduction in benefits takes place. All related persons living in a common dwelling unit shall be considered a single household for purposes of eligibility for general assistance.

Sec. 902. The department of social services shall implement a shelter exception policy for homeowners under the general assistance program. To protect equity in a homestead, general assistance homeowners may receive up to \$100.00 per month above the regular general assistance shelter maximum, but not to exceed the aid to families with dependent children shelter maximum for a family of 6.

Sec. 903. The department of social services shall reimburse all substance abuse programs which are licensed by the office of substance abuse services and which have a contract with a local substance abuse coordinating agency at a rate equivalent to that paid by the department to adult foster care providers. Joint commission accredited programs shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

Sec. 905. The level of reimbursement provided to general assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 906. County departments of social services shall require each recipient of general assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the general assistance program upon receipt of retroactive supplemental security income benefits.

Sec. 907. The nonexempt resource limitation for both general assistance applicants and recipients shall be \$250.00.

Sec. 908. The department of social services' ability to satisfy appropriation deductions in section 101 for general assistance/supplemental security income recoveries shall not be limited to recoveries and accruals pertaining to general assistance grant payments provided in fiscal year 1990-91, but shall include all net general assistance/supplemental security income recoveries during fiscal year 1990-91 regardless of the year.

Sec. 909. All applicants for general assistance shall be informed of the requirements of the employment and training program to which they will be subject once determined eligible.

Sec. 910. The department of social services shall implement projects in Genesee, Wayne, and Oakland counties to investigate potential fraudulent receipt of general assistance payments. The projects shall include investigation of housing units to which are sent multiple checks exceeding a threshold established by the

department. Investigations shall include on-site visits to the housing units by department staff. The department shall report to the house and senate appropriations subcommittees on social services on the implementation of these projects by April 30, 1991.

### **SUPPLEMENTAL SECURITY INCOME**

Sec. 1001. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized.

Sec. 1002. The personal care services payment for eligible supplemental security income recipients shall be \$110.70 effective October 1, 1990.

Sec. 1003. An adult foster care facility regulated by the department of social services division of adult foster care licensing shall report any incident in which a resident of an adult foster care home is arrested or found guilty of an index category offense as defined by Act No. 319 of the Public Acts of 1968, being sections 28.251 to 28.258 of the Michigan Compiled Laws. The division of adult foster care licensing shall maintain these records and make the statistics available on request.

Sec. 1004. The personal needs allowance for supplemental security income recipients living in adult foster care homes or homes for the aged shall be \$40.00 effective October 1, 1990.

### **LOW INCOME ENERGY ASSISTANCE PROGRAM**

Sec. 1101. (1) From the funds appropriated for the emergency needs program in section 101, a recipient of emergency needs for home repairs shall be required to sign a repayment agreement for emergency needs payments exceeding \$500.00 for the repair or replacement of a roof, furnace, septic system, water supply system, electrical system, or any other repair or replacement. The repayment shall be due upon sale, transfer, or other conveyance of the home. The department of social services may waive repayment in cases of hardship. This requirement shall not apply to the repair or replacement of a furnace, a roof, or other energy-related repairs or replacements which are paid in whole or in part through low-income energy assistance block grant funds.

(2) With the funds appropriated for the emergency needs program in section 101, the department of social services shall not replace an inefficient or irreparable hot water heater in owner-occupied homes with an electric water heater unless the cost of operating an electric water heater is less than a water heater using another fuel or the cost of converting to a water heater using another fuel exceeds the expected savings in operation costs in the first 3 years following the conversion.

Sec. 1102. In-person interviews for emergency needs applicants may be waived by the department of social services where local offices have sufficient current information to determine eligibility.

Sec. 1103. When necessary to resolve an emergency situation, local office directors are authorized to grant exceptions to the emergency needs payment limits according to criteria established by the department of social services.

Sec. 1104. A warrant shall not be issued for emergency relief under the emergency needs program unless the warrant is signed by both the client and the provider of services, or, if necessary, is issued in the form of direct vendor payments to a provider of services.

Sec. 1105. (1) The department of social services shall authorize up to 3 months' shelter payment to prevent eviction upon presentation of a notice to quit issued in accordance with section 5716 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.5716 of the Michigan Compiled Laws, if the client is otherwise eligible for the emergency needs program and the delinquency is not the result of an unresolved landlord-tenant dispute or other action by the landlord that would preclude entry of a judgment under section 5720 of Act No. 236 of the Public Acts of 1961, being section 600.5720 of the Michigan Compiled Laws.

(2) Emergency needs program funds shall be utilized to pay security deposits for applicants for public assistance and individuals or families referred by emergency shelters, domestic violence emergency shelters, or displaced homemaker programs, who cannot obtain housing without a security deposit.

Sec. 1106. Spending for heat or utilities shall not be authorized under the emergency needs program if the cause of need is failure to pay required payment amounts of both the heating allowances and electric portion of the utility allowance, unless the recipient agrees to the vendor plan for the item whenever such a plan is available.

Sec. 1107. Emergency needs program applications shall always be available to applicants and shall be taken by a county office up to 5 p.m. on the day that they are submitted.

## **MEDICAL SERVICES**

Sec. 1201. A provider of medical services who fails to submit a bill for medical care related to title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396g, and 1396i to 1396s, or for institutional services and medical care facilities related to public assistance within 12 months after the date of the services shall forfeit the provider's right to payment and shall not seek reimbursement from the recipient of the services.

Sec. 1202. The department of social services shall provide an administrative procedure for the review of grievances by medical assistance providers with regard to reimbursement under the medical assistance program.

Sec. 1203. The department of social services shall require a nonenrolled provider to accept medicaid payment as payment in full, when payment is approved for emergency services.

Sec. 1204. An institutional provider that is required to submit a cost report under the medicaid program shall submit cost reports completed in full within 90 days after the end of its fiscal year.

Sec. 1205. The maximum limits on payments under the medicaid program, established in conformance with title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396g, and 1396i to 1396s, shall be disclosed only to persons directly responsible for the administration of the medicaid program, except that persons responsible for establishing individual prices on prior authorized items are allowed to release approved prices to the prospective provider.

Sec. 1206. The protected income level for medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.106 of the Michigan Compiled Laws, shall be 100% of the related public assistance standard for the fiscal year ending September 30, 1991.

Sec. 1207. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services means those services which produce the maximum reduction of physical and mental limitations and restoration of an individual to his or her best possible functional level. At a minimum, remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1208. The department of social services shall continue to implement the physician primary sponsor plan and shall require aid to families with dependent children recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference shall be randomly assigned to a managed care program.

Sec. 1209. The department of social services shall contract for the provision of selected supplies and services for medicaid clients.

Sec. 1210. The department of social services shall implement a time specific schedule for cost audits and cost audit review and hearing processes and procedures to ensure more timely issuance of prospective rates to providers of long-term nursing care. To this end, the department shall amend the appeals section of the state plan for reimbursement of long-term care facilities under title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396d, 1396f to 1396g, and 1396i to 1396s, and for this purpose only, provisions of the amendment shall supersede provisions for the preliminary conference and the bureau conference contained in administrative rules of the department at R 400.3402 and R 400.3403, respectively.

Sec. 1211. The funds appropriated in section 101 shall not be used to reimburse long-term care facilities for hospital leave days.

Sec. 1212. (1) The inpatient indigent care volume price adjuster shall be calculated as 39% of the difference between the ratio of inpatient indigent care charges to total inpatient care charges and 10%. For purposes of this section, indigent care shall include medicaid, resident county hospitalization, the crippled children's program, and uncompensated care.

(2) There shall be an additional inpatient indigent volume diagnostic related group price adjuster which is focused on the highest indigent share facilities. This additional adjuster shall be set to generate an expected reimbursement enhancement of \$25,150,000.00 per year. A portion of the adjuster may be used for outpatient hospital services for hospitals with a high volume of indigent charges.

Sec. 1213. Medicaid reimbursement for medicaid services shall not exceed, solely or in combination with other resources, including medicare, those amounts established for medicaid-only patients. The medicaid payment rate shall be accepted as payment in full. Other than an approved medicaid copayment, no portion of a provider's charge may be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be deemed to affect the level of payment from a third party source other than medicaid.

Sec. 1214. From the funds appropriated in section 101 for the medical services payments, the department of social services shall provide for an expanded inpatient hospital prior authorization and on-site review system.

Sec. 1215. The department of social services shall fund a program to appeal medicare denials of nursing home coverage.

Sec. 1216. The department of social services shall cover selected cost effective over-the-counter products at maximum allowable cost limits for ambulatory clients, and allow selected over-the-counter reimbursement to a pharmacy for over-the-counter products not designated minimum floor stock for nursing homes.

Sec. 1217. The department of social services shall contract for the mental health field audit, the nursing home field audit, and inpatient hospital utilization review.

Sec. 1218. From the funds appropriated in section 101, the department of social services shall allocate not more than \$300,000.00 to contract with dental schools for the provision of dental care to uninsured indigent persons.

Sec. 1219. (1) The pharmaceutical dispensing fee shall be a maximum of \$3.72, effective October 1, 1990. If a recipient is 21 years of age or older, and is not in adult foster care, a home for the aged, or an institutional setting, or is not enrolled in the physician primary sponsor plan, the department of social services shall require a 50 cent per prescription client copayment, except for products on the maximum allowable cost limit list or pregnancy-related products.

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

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

(4) Before new copayments are implemented or existing copayments are changed, the department of social services shall submit the plan to the senate and house appropriations subcommittees on social services for approval.

Sec. 1220. From the funds appropriated in section 101, the department of social services shall continue to conduct demonstration pilot projects on preadmission screening for nursing homes.

Sec. 1221. Selected routine diagnostic related group prices other than those related to obstetrical services shall be reimbursed at a standard rate.

Sec. 1222. The department of social services shall establish an all-inclusive facility rate reimbursement for selected surgeries performed in the outpatient hospital setting. Reimbursement for such procedures shall be the lesser of the all-inclusive facility rate or charges.

Sec. 1224. The department of social services shall use a formula in reimbursing outpatient hospitalization services which provides each hospital an increase of 0.4% in the hospital's outpatient price for each 1% of indigent volume for that hospital.

Sec. 1225. From the funds appropriated in section 101 for nursing home services and medical care facility/hospital long-term care unit services, the revised method of variable cost reimbursement shall continue to be reimbursed as specified in the final report of the nursing home reimbursement task force created in section 48(4) of Act No. 257 of the Public Acts of 1982. The only exceptions to the revised method of variable cost reimbursement are a 50% reduction in the long-term care volume incentive allowance effective for facility fiscal years beginning on or after April 1, 1988, and a legislatively established inflation factor specified in subsection (2).

Sec. 1226. Before a medicaid-eligible recipient is placed in a long-term care facility, the department of social services, when practical, shall inform the recipient that he or she is eligible for adult home help services.

Sec. 1227. From the funds appropriated in section 101, the department of social services shall reimburse chiropractors for X-rays taken in their offices on recipients who are eligible for medical assistance.

Sec. 1228. (1) The department of social services shall continue to use a prospective payment system for reimbursement of medicaid inpatient hospital care based on a diagnostic related group methodology.

(2) The objectives of this prospective payment system shall be the same as those delineated in section 120a of Act No. 246 of the Public Acts of 1984.

(3) Any significant changes in this prospective payment system, other than implementation of provisions contained in this act, shall be submitted to the senate and house appropriations subcommittees on social services for review and approval prior to implementation.

(4) The legislature annually shall adjust the inpatient diagnostic related groups prices and per diems for the effect of inflation on hospital allowable costs. This update may be based on a number of estimated inflation indices, including the medicare update factor for operating prices, and input from the department of social services and affected providers. The inpatient diagnostic related group price and per diem update effective October 1, 1990 is 0.0%.

Sec. 1229. (1) The department of social services shall retain the medicaid fee for services system for outpatient hospital reimbursement, including all adjustments required by section 24 of Act No. 266 of the Public Acts of 1986.

(2) The legislature annually shall adjust the fee screens for outpatient hospital services for the effect of inflation on outpatient hospital allowable costs. This update may be based on a number of estimated inflation indices and input from the department and affected providers. The fee screen update effective October 1, 1990 is 0.0%.

Sec. 1230. Except as mandated by federal law, the department of social services shall not alter pharmaceutical product coverage or medicaid reimbursement for pharmaceutical product cost from the methodology contained in program policy and the state plan in effect on July 1, 1990, or the pharmacist dispensing fee specified in section 1219, without the explicit approval of the senate and house appropriations subcommittees on social services.

Sec. 1231. The department of social services shall not restrict the full reimbursement of prescribed drugs for which the prescriber has written "D.A.W.". Any "D.A.W." restrictions in effect on July 1, 1990 shall remain in effect for the full fiscal year.

Sec. 1232. The department of social services shall not restrict food and drug administration-approved single source prescription pharmaceutical products on the formulary except those products determined to be less than effective by the United States food and drug administration under the drug efficacy study implementation program.

Sec. 1233. The department of social services shall seek the necessary changes in federal waivers to revise the inpatient hospital bonus arrangements for the capitated clinic plan. Revisions shall include prospective payment of projected bonuses to facilitate the provision of primary care and methods to assure that the total of prospective bonuses, capitation payments, and inpatient hospital payments do not exceed a fee-for-service equivalent rate.

Sec. 1234. The department of social services shall explore the feasibility of covering psychological services for acutely and chronically ill, abused, neglected, and delinquent children and their families in the medicaid program. Based upon this evaluation, the department may expand medicaid coverage of these services on or after April 1, 1991 if no additional state general fund costs for these services are projected and if appropriate utilization controls are implemented.



Sec. 1235. The department shall establish health maintenance organization rates to be effective on January 1 for each calendar year. The rate setting methodology shall be actuarially approved and based on the medicaid fee-for-service equivalent costs projected for the rate year. The health maintenance organization rates shall be set at not less than 90% of the fee-for-service equivalent medicaid costs.

Sec. 1236. From the funds appropriated for medical services in section 101, the department shall allocate not more than \$60,000.00 to develop a full scope geriatric health care program at the university of Michigan. The department shall be responsible for coordinating the participation of appropriate state agencies and consumer groups.

Sec. 1237. From the funds appropriated in section 101 for medical services, the department shall allocate not more than \$500,000.00 for the AIDS consortium of southeast Michigan. The department shall provide to the house and senate appropriations subcommittees on social services by April 1, 1991, a report on expenditures made under this section and the numbers of persons served.

Sec. 1238. Effective October 1, 1990, free-standing, nongovernmental, participating home health care agencies shall be reimbursed for mileage associated with all medicaid reimbursable client visits at a rate of 26 cents per mile for all mileage in excess of 10 miles per visit.

Sec. 1239. The department shall revise the medicaid inpatient hospital diagnosis related group and per diem prices for dates of service between February 1, 1985 and March 31, 1987 to reflect a correction of the budget neutrality factor. The corrected budget neutrality factor shall be reduced by the value of the hospital based physician costs and price appeals costs which previously were not properly excluded in establishing the diagnosis related group and per diem prices for the period of February 1, 1985 to March 31, 1987. The revised diagnosis related group and per diem prices shall be used to recalculate medicaid payments at the time a capital settlement is processed.

Sec. 1240. In certain counties the department may assign recipients who do not choose a managed care provider to a physician primary sponsor, health maintenance organization, or to a capitated ambulatory plan provider. Notwithstanding section 1235, the department may pay a provider that is selected to receive these enrollments at a rate less than 90% of the fee for service equivalent rate.

Sec. 1241. (1) From the funds appropriated in section 101 for nursing home services, \$2,000,000.00 shall be appropriated as an employee benefit incentive reimbursement to nursing homes that meet the criteria specified in subsection (2) or (3).

(2) To qualify for the employee benefit incentive reimbursement equal to 5% of the variable cost component of the nursing home's rate, a nursing home shall have no conditions out for skilled care beds and no patient care standards out for intermediate care beds for the prior fiscal year and shall meet all of the following criteria:

(a) Have entered into an agreement with a service delivery area of the job training partnership act (JTPA) to receive training and prospective employees from their employment pools for the positions of dietary, laundry, housekeeping, and nurse assistants, and have demonstrated a commitment to hire positions from referrals.

(b) Have agreed to receive and interview clients referred by the department of social services, either through a JTPA office or directly, for the positions of dietary, laundry, housekeeping, and nurse assistants, and have agreed to hire all qualified applicants for positions currently having vacancies and to report to the department of social services the reasons why any other applicant referred did not accept or was not offered a position.

(c) Provide at least 1 of the following:

(i) Transportation assistance with a minimum 50% subsidy by the nursing home for dietary, laundry, housekeeping, and nurse assistants.

(ii) On-site child care, with a minimum 50% subsidy by the nursing home, for dietary, laundry, housekeeping, and nurse assistants.

(iii) Off-site child care, with a minimum 50% subsidy by the nursing home, through a licensed provider for dietary, laundry, housekeeping, and nurse assistants.

(iv) A career ladder for nurse assistants that provides a department approved educational program to nurse assistants employed by the nursing home for 6 months or more with progression to at least 1 other level. Completion of the program shall result in a minimum pay increase of 50 cents per hour, making their hourly wage not less than \$5.50 an hour.

(3) To qualify for the employee benefit incentive reimbursement equal to 5% of the variable cost component of the nursing home's rate, a nursing home shall have no conditions out for skilled care beds and no patient care standards out for intermediate care beds for the prior fiscal year, and shall meet at least 3 of the following criteria:

(a) Have passed through the maximum wage and benefit pass-through stipulated in section 1225(2) of Act No. 200 of the Public Acts of 1989.

(b) Provide an entry level wage for nurse assistants of a minimum of \$4.75 per hour.

(c) Offer to all dietary, laundry, housekeeping, and nurse assistants employer paid 50% of single coverage for health insurance and provide employer paid 100% of sick and disability insurance and life insurance.

(d) Offer a scholarship assistance program to employees of at least \$150.00 tuition, or actual tuition if tuition is less than \$150.00 per employee per semester with a minimum of 3 scholarships available per semester.

(4) To qualify for the employee benefit incentive reimbursements specified in subsection (2) or (3), a nursing home shall make application to the department of social services by November 1, 1990. The application shall provide full documentation that the applicant has met all of the requirements applicable for eligibility.

(5) The department shall review all applications and determine eligibility for the employee benefit incentive reimbursement by December 31, 1990. The incentive will be added to the eligible nursing-home's rate for 1 full year.

(6) If the department determines that the incentives to be paid to eligible applicants would exceed \$2,000,000.00, the department shall reduce the incentive paid to each eligible applicant on a pro rata basis.

Sec. 1244. From the funds appropriated for medical services and general assistance medical, the department of social services shall make funds available for vision benefits subject to the following restrictions:

(a) The department of social services shall require vision providers to offer for recipient review at least 80% of the selection of eyeglass frames authorized for purchase by recipients.

(b) The department of social services shall require vision providers to meet a timetable for preparation of eyeglasses from original order to delivery that does not exceed 3 weeks.

(c) The department of social services shall authorize payment for replacement of eyeglasses or contact lenses as follows:

(i) For adults, 1 pair of eyeglasses or contact lenses per year.

(ii) For children, 2 pair of eyeglasses or contact lenses per year.

Sec. 1245. The medicaid program shall establish a prior approval process for psychiatric hospital admissions. The department of social services shall develop policies and procedures to implement this section.

Sec. 1246. Ambulance services shall, subject to legislative appropriation, be reimbursed at the rate of 76% of the true cost of providing service. True cost shall be determined by a study of a representative sample of public and private ambulance services and shall include all applicable direct and indirect costs. The study shall be funded by the industry under parameters approved by the medical services administration of the department of social services.

Sec. 1247. Except for acute detoxification, payments to acute care hospitals shall not exceed \$130.00 per day for substance abuse treatment.

Sec. 1248. The department of social services shall expand the pilot program to provide insurance assistance for persons with AIDS. The program shall be implemented statewide. An evaluation of the cost effectiveness of this program shall be developed.

Sec. 1249. The medical services administration shall contract with pharmacy experts to provide prescriber education. This education shall focus on cost effective prescribing alternatives for high volume prescribers.

Sec. 1250. Providers shall have 12 months from the date of service to initially submit a claim to the medical assistance program. If it is appropriate to resubmit the claim, it shall be resubmitted within 120 days after the date of each rejection of the claim. Providers shall have 2 years from the date of service to receive reimbursement. If the claim has not been paid within 2 years from the date of service and the claim was submitted within the appropriate time frames and represents a valid medical assistance liability, a special processing unit shall review and process the claim accordingly.

Sec. 1251. From the funds appropriated in section 101 for long-term care, the department shall increase the medicaid rate for any nursing facility that provides a wage increase to first line housekeeping, dietary, laundry, or janitorial staff beyond those agreed to prior to October 1, 1990. The rate increase shall cover the medicaid program share of the cost of up to 50 cents per hour in wage or benefit increases for these employees for facility fiscal years beginning on or after October 1, 1990. The rate increase shall not be used to cover actuarial

increases in benefit costs that do not result from any change in the employee benefit package. The provisions of this section may be modified by the department of social services to the extent that they are subsumed within or superseded by any court-ordered modifications to the medicaid nursing facility reimbursement system.

Sec. 1252. The department of social services shall re-evaluate current policies and procedures for medicaid reimbursement regarding the oral management and rehabilitation of head and neck cancer patients. The department shall report to the house and senate appropriations subcommittees on social services its findings and recommendations by April 1, 1991.

Sec. 1253. The appropriation in section 101 for medical services assumes savings that will result from the implementation of the following cost containment initiatives:

- (a) Elimination of the second surgical opinion program.
- (b) Expansion of managed care.
- (c) Update of the pharmacy post payment billing system and improvement of the recipient computer match with Blue Cross Blue Shield.
- (d) Operation of the surveillance and utilization review system.
- (e) Revision of medicaid billing limits.
- (f) Provision of incentives to perform vaginal deliveries after caesarean section deliveries.
- (g) Contracting for oxygen concentrators and apnea monitors.
- (h) Contracting for pharmacy prescribing education services.
- (i) Conducting audits to routinely recover overpayments on services provided to recipients.
- (j) Initiation of a voluntary pharmacy rebate program.
- (k) Limiting payments to acute care hospitals for substance abuse treatment.
- (l) Tightening prior authorization requirements for psychiatric hospitalization.

#### **GENERAL ASSISTANCE MEDICAL**

Sec. 1301. (1) The department of social services shall determine the amount of county liability for resident county hospitalization based upon the initial determination of payment amount for approved services.

(2) Subsection (1) shall not apply to payments made to Wayne county patient care management system contracted hospitals.

Sec. 1302. (1) The payment by the state to each hospital for resident county hospitalization shall be a hospital specific percent of charge with no subsequent cost settlement. The percent of charge shall be 95% of the most recent available inpatient cost to charge ratio for that hospital. No payment to a hospital shall exceed its charge.

(2) Subsection (1) shall not apply to payments made for the Wayne county patient care management system.

Sec. 1303. The department of social services may agree to provide certain administrative or payment functions, or both, on behalf of the Wayne county patient care management system as agreed to by the county and the department. If such an agreement is reached, the department shall withhold from the state share of the county patient care management system funds appropriated in section 101, an amount equal to the estimated cost to be incurred by the department, including accrued liability for services provided but not yet paid. These funds shall be available to the department of social services and shall be appropriated and allotted to the department as they are received. A final reconciliation of costs shall be completed by October, 1992. The county shall remain liable for any costs in excess of the amount withheld and shall be entitled to receive any funds remaining after a final expenditure reconciliation is completed.

Sec. 1304. Of the amount appropriated in section 101, up to \$8,000.00 shall be made available to pay the cost of medical liability insurance for those participating professionals in the uncompensated health care project of the Wayne county medical society and Detroit medical society.

Sec. 1305. The department of social services, in cooperation with the department of mental health, is authorized to enter a contract in counties with a population exceeding 1,500,000 for the purpose of providing transportation to publicly operated or contracted mental health facilities. The total cost of the contract shall not exceed \$200,000.00. This section shall not reduce the responsibility of a county that has been authorized to provide medical services for the indigent under a patient care management system.

Sec. 1306. As part of the annual application for recertification of a county patient care management system, as requirement by section 66j(2) of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.66j of the Michigan Compiled Laws, a county shall submit to the department of social services data on the current and proposed operation of the patient care management system. The data submitted shall include but not be limited to identification of primary physician availability, pharmacy availability, adequacy of medication formularies, adequacy of specialist referrals, adequacy of services to persons with complicated medical regimens and catastrophic illnesses such as AIDS and AIDS-related complex, transportation difficulties, access to county problem-solving personnel, and any other related matters. This information shall be reported to the house and senate appropriations committees on an annual basis.

Sec. 1307. (1) From the funds appropriated in section 101 for general assistance medical and general assistance medical-hospitalization, the department of social services shall continue to support the health care access project, including the 1/3 share plan, in Genesee and Marquette counties subject to the following conditions:

(a) The cost containment strategies for inpatient and ambulatory care that were instituted in fiscal year 1989-90 for this project shall continue to be implemented.

(b) Additional cost containment measures for this project shall be implemented if it appears that gross expenditures will exceed gross available funding. Estimated available funding for this project in fiscal year 1990-1991 is \$9,000,000.00.

(2) No later than May 1, 1991, the department shall report to the senate and house appropriations subcommittees on social services the expenditure details for this project for the first half of fiscal year 1990-91 with special emphasis on the comparison of per eligible average utilization and costs for ambulatory and inpatient care as compared to these averages for other general assistance eligibles in comparable counties.

Sec. 1308. From the funds appropriated in section 101 for general assistance medical, \$130,000.00 shall be allocated to free medical clinics in Genesee and Ingham counties to support the health care needs of residents of those counties not eligible for coverage under any other health care program.

This act is ordered to take immediate effect.

.....  
Clerk of the House of Representatives.

.....  
Secretary of the Senate.

Approved.....

.....  
Governor.