

**SUBSTITUTE FOR
SENATE BILL NO. 964**

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal years ending September 30, 2000 and September 30, 2001; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; to provide for disposition of fees and other income received by the various state agencies; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS - FISCAL YEAR 2000-2001

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for the department of
5 community health for the fiscal year ending September 30, 2001, from the

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For Fiscal Year Ending
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1 funds indicated in this part. The following is a summary of the
2 appropriations in this part:

3 DEPARTMENT OF COMMUNITY HEALTH

4	Full-time equated unclassified positions.....	6.0	
5	Full-time equated classified positions.....	6,258.1	
6	Average population.....	1,528.0	
7	GROSS APPROPRIATION.....	\$	8,440,081,100
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....	\$	72,087,300
11	ADJUSTED GROSS APPROPRIATION.....	\$	8,367,993,800
12	Federal revenues:		
13	Total federal revenues.....		4,401,148,400
14	Special revenue funds:		
15	Total local revenues.....		910,110,400
16	Total private revenues.....		49,649,300
17	Total other state restricted revenues.....		370,094,500
18	State general fund/general purpose.....	\$	2,636,991,200
19	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
20	Full-time equated unclassified positions.....	6.0	
21	Full-time equated classified positions.....	514.7	
22	Director and other unclassified--6.0 FTE positions...	\$	570,100
23	Community health advisory council.....		28,900
24	Departmental administration and management--491.7 FTE		
25	positions.....		55,428,000
26	Certificate of need program administration--13.0 FTE		
27	positions.....		918,400

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1	Worker's compensation program--1.0 FTE position.....	11,512,500
2	Rent and building occupancy.....	8,715,200
3	Developmental disabilities council and projects--9.0	
4	FTE positions.....	<u>2,734,200</u>
5	GROSS APPROPRIATION..... \$	79,907,300
6	Appropriated from:	
7	Interdepartmental grant revenues:	
8	Interdepartmental grant from the department of trea-	
9	sury, Michigan state hospital finance authority....	98,800
10	Federal revenues:	
11	Total federal revenues.....	24,409,600
12	Special revenue funds:	
13	Private funds.....	35,900
14	Total other state restricted revenues.....	3,559,900
15	State general fund/general purpose..... \$	51,803,100
16	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION	
17	AND SPECIAL PROJECTS	
18	Full-time equated classified positions.....112.0	
19	Mental health/substance abuse program	
20	administration--112.0 FTE positions..... \$	10,510,500
21	Consumer involvement program.....	314,100
22	Gambling addiction.....	3,000,000
23	Protection and advocacy services support.....	818,300
24	Mental health initiatives for older persons.....	1,616,000
25	Community residential and support services.....	5,646,800
26	Highway safety projects.....	2,337,200

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1	Federal and other special projects.....	<u>6,977,200</u>
2	GROSS APPROPRIATION.....	\$ 31,220,100
3	Federal revenues:	
4	Total federal revenues.....	11,548,100
5	Special revenue funds:	
6	Total private revenues.....	125,000
7	Total other state restricted revenues.....	3,182,300
8	State general fund/general purpose.....	\$ 16,364,700
9	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
10	PROGRAMS	
11	Full-time equated classified positions.....4.0	
12	Medicaid mental health services.....	\$ 1,172,266,500
13	Community mental health non-Medicaid services.....	311,801,500
14	Multicultural services.....	3,560,000
15	Medicaid substance abuse services.....	24,851,000
16	Respite services.....	3,318,600
17	CMHSP-purchase of state services contracts.....	166,152,500
18	Civil service charges.....	2,606,400
19	Federal mental health block grant--2.0 FTE positions.	10,849,900
20	Pilot projects in prevention for adults and	
21	children--2.0 FTE positions.....	994,700
22	State disability assistance program substance abuse	
23	services.....	6,600,000
24	Community substance abuse prevention, education and	
25	treatment programs.....	<u>83,740,400</u>
26	GROSS APPROPRIATION.....	\$ 1,786,741,500

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1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues.....	754,470,300
4	Special revenue funds:	
5	Total other state restricted revenues.....	11,342,400
6	State general fund/general purpose..... \$	1,020,928,800
7	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH	
8	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH	
9	SERVICES	
10	Total average population.....	1,528.0
11	Full-time equated classified positions.....	4,699.0
12	Caro regional mental health center-psychiatric	
13	hospital-adult--518.0 FTE positions..... \$	35,643,500
14	Average population.....	200.0
15	Kalamazoo psychiatric hospital-adult--376.0 FTE	
16	positions.....	27,080,300
17	Average population.....	125.0
18	Northville psychiatric hospital-adult--862.0 FTE	
19	positions.....	63,889,500
20	Average population.....	385.0
21	Walter P. Reuther psychiatric hospital-adult--440.0	
22	FTE positions.....	33,666,800
23	Average population.....	215.0
24	Hawthorn center-psychiatric hospital-children and	
25	adolescents--330.0 FTE positions.....	23,098,800
26	Average population.....	118.0

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1	Mount Pleasant center-developmental	
2	disabilities--472.0 FTE positions.....	29,878,000
3	Average population.....	195.0
4	Southgate center-developmental disabilities--228.0	
5	FTE positions.....	15,589,900
6	Average population.....	80.0
7	Center for forensic psychiatry--522.0 FTE positions..	39,151,000
8	Average population.....	210.0
9	Forensic mental health services provided to the	
10	department of corrections--938.0 FTE positions.....	71,380,700
11	Revenue recapture.....	750,000
12	IDEA, federal special education.....	92,000
13	Special maintenance and equipment.....	879,000
14	Purchase of medical services for residents of hospi-	
15	tals and centers.....	1,700,000
16	Closed site, transition, and related costs--13.0 FTE	
17	positions.....	510,300
18	Severance pay.....	896,000
19	Gifts and bequests for patient living and treatment	
20	environment.....	<u>2,000,000</u>
21	GROSS APPROPRIATION.....	\$ 346,205,800
22	Appropriated from:	
23	Interdepartmental grant revenues:	
24	Interdepartmental grant from the department of	
25	corrections.....	71,380,700
26	Federal revenues:	

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1	Total federal revenues.....	32,733,700
2	Special revenue funds:	
3	CMHSP-purchase of state services contracts.....	166,152,500
4	Other local revenues.....	16,503,700
5	Private funds.....	2,000,000
6	Total other state restricted revenues.....	16,405,300
7	State general fund/general purpose..... \$	41,029,900
8	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
9	Full-time equated classified positions.....88.3	
10	Executive administration--15.5 FTE positions..... \$	1,367,100
11	Minority health grants and contracts.....	650,000
12	Vital records and health statistics--72.8 FTE	
13	positions.....	<u>6,167,700</u>
14	GROSS APPROPRIATION..... \$	8,184,800
15	Appropriated from:	
16	Interdepartmental grant revenues:	
17	Interdepartmental grant from family independence	
18	agency.....	137,800
19	Federal revenues:	
20	Total federal revenues.....	2,809,800
21	Special revenue funds:	
22	Total other state restricted revenues.....	2,036,600
23	State general fund/general purpose..... \$	3,200,600
24	Sec. 107. INFECTIOUS DISEASE CONTROL	
25	Full-time equated classified positions.....44.3	
26	AIDS prevention, testing and care programs--9.8 FTE	
27	positions..... \$	22,218,400

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1	Immunization local agreements.....	14,190,300
2	Immunization program management and field	
3	support--7.7 FTE positions.....	1,698,900
4	Sexually transmitted disease control local agreements	2,460,700
5	Sexually transmitted disease control management and	
6	field support--26.8 FTE positions.....	<u>2,825,800</u>
7	GROSS APPROPRIATION.....	\$ 43,394,100
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	29,306,600
11	Special revenue funds:	
12	Private funds.....	1,155,000
13	Total other state restricted revenues.....	6,937,700
14	State general fund/general purpose.....	\$ 5,994,800
15	Sec. 108. LABORATORY SERVICES	
16	Full-time equated classified positions.....118.2	
17	Laboratory services--118.2 FTE positions.....	\$ 12,566,100
18	Lyme disease grant.....	<u>75,000</u>
19	GROSS APPROPRIATION.....	\$ 12,641,100
20	Appropriated from:	
21	Interdepartmental grant revenues:	
22	Interdepartmental grant from environmental quality...	389,400
23	Federal revenues:	
24	Total federal revenues.....	2,028,000
25	Special revenue funds:	
26	Total other state restricted revenues.....	3,607,400

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1	State general fund/general purpose.....	\$	6,616,300
2	Sec. 109. EPIDEMIOLOGY		
3	Full-time equated classified positions.....	31.5	
4	AIDS surveillance and prevention program--	7.0 FTE	
5	positions.....	\$	1,772,800
6	Epidemiology administration--	24.5 FTE positions.....	5,330,900
7	Tuberculosis control program.....		<u>498,300</u>
8	GROSS APPROPRIATION.....	\$	7,602,000
9	Appropriated from:		
10	Interdepartmental grant revenues:		
11	Interdepartmental grant from the department of envi-		
12	ronmental quality.....		80,600
13	Federal revenues:		
14	Total federal revenues.....		4,679,100
15	Special revenue funds:		
16	Total other state restricted revenues.....		781,000
17	State general fund/general purpose.....	\$	2,061,300
18	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS		
19	Full-time equated classified positions.....	3.0	
20	Implementation of 1993 PA 133, MCL 333.17015.....	\$	100,000
21	Lead abatement program--	3.0 FTE positions.....	1,835,500
22	Local health services.....		612,300
23	Local public health operations.....		41,070,200
24	Medical services cost reimbursement to local health		
25	departments.....		1,800,000
26	Medicaid outreach and service delivery support.....		8,488,600

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1	Special populations health care.....	<u>620,600</u>
2	GROSS APPROPRIATION..... \$	54,527,200
3	Appropriated from:	
4	Federal revenues:	
5	Total federal funds.....	8,559,900
6	Special revenue funds:	
7	Total other state restricted revenues.....	393,500
8	State general fund/general purpose..... \$	45,573,800
9	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
10	PROMOTION	
11	Full-time equated classified positions.....33.7	
12	AIDS and risk reduction clearinghouse and media	
13	campaign..... \$	2,001,000
14	Alzheimer's information network.....	440,000
15	Cancer prevention and control program--13.6 FTE	
16	positions.....	12,855,100
17	Chronic disease prevention.....	2,167,400
18	Diabetes program--9.0 FTE positions.....	4,197,200
19	Early childhood collaborative secondary prevention...	1,300,000
20	Employee wellness program grants (includes \$50.00 per	
21	diem and expenses for the risk reduction and AIDS	
22	policy commission).....	9,259,300
23	Health education, promotion, and research	
24	programs--2.9 FTE positions.....	1,318,100
25	Injury control intervention project.....	942,800
26	Morris J. Hood Wayne State University diabetes	
27	outreach.....	500,000

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1	Physical fitness, nutrition, and health.....	1,250,000
2	Public health traffic safety coordination.....	115,000
3	School health and education programs.....	2,182,800
4	Smoking prevention program--6.2 FTE positions.....	8,073,800
5	Violence prevention--2.0 FTE positions.....	<u>3,235,500</u>
6	GROSS APPROPRIATION..... \$	49,838,000
7	Appropriated from:	
8	Federal revenues:	
9	Total federal funds.....	12,782,100
10	Special revenue funds:	
11	Total other state restricted revenues.....	33,855,800
12	State general fund/general purpose..... \$	3,200,100
13	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
14	Full-time equated classified positions.....88.8	
15	Adolescent health care services..... \$	3,442,300
16	Childhood lead program--5.0 FTE positions.....	1,397,800
17	Children's waiver home care program.....	21,713,700
18	Community living, children, and families	
19	administration--73.3 FTE positions.....	7,658,600
20	Dental programs.....	260,400
21	Dental program for persons with developmental	
22	disabilities.....	151,000
23	Family planning local agreements.....	8,100,000
24	Family support subsidy.....	14,276,700
25	Housing and support services--1.0 FTE position.....	5,330,900
26	Local MCH services.....	9,049,200

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1	Migrant health care.....	166,100
2	Newborn screening follow-up and treatment services...	2,123,400
3	Omnibus reconciliation implementation--9.0 FTE	
4	positions.....	12,757,000
5	Pediatric AIDS prevention and control.....	985,300
6	Pregnancy prevention program.....	7,196,100
7	Prenatal care outreach and service delivery support..	4,299,300
8	Southwest community partnership.....	2,247,300
9	Special projects--0.5 FTE position.....	4,426,600
10	Sudden infant death syndrome program.....	<u>321,300</u>
11	GROSS APPROPRIATION..... \$	105,903,000
12	Appropriated from:	
13	Federal revenues:	
14	Total federal revenue.....	66,978,200
15	Special revenue funds:	
16	Private funds.....	261,100
17	Total other state restricted revenues.....	10,124,200
18	State general fund/general purpose..... \$	28,539,500
19	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
20	PROGRAMS	
21	Full-time equated classified positions.....42.0	
22	Women, infants, and children program administration	
23	and special projects--42.0 FTE positions..... \$	5,017,100
24	Women, infants, and children program local agreements	
24	and food costs.....\$	156,882,400
25	GROSS APPROPRIATION..... \$	161,899,500
26	Appropriated from:	

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1	Federal revenues:	
2	Total federal revenue.....	117,452,200
3	Special revenue funds:	
4	Total private revenue.....	44,447,300
5	State general fund/general purpose..... \$	0
6	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
7	Full-time equated classified positions.....66.6	
8	Children's special health care services	
9	administration--66.6 FTE positions..... \$	5,434,400
10	Amputee program.....	184,600
11	Bequests for care and services.....	1,329,600
12	Case management services.....	3,923,500
13	Conveyor contract.....	559,100
14	Medical care and treatment.....	<u>130,005,400</u>
15	GROSS APPROPRIATION..... \$	141,436,600
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenue.....	66,177,100
19	Special revenue funds:	
20	Private-bequests.....	900,000
21	Total other state restricted revenues.....	4,048,500
22	State general fund/general purpose..... \$	70,311,000
23	Sec. 115. OFFICE OF DRUG CONTROL POLICY	
24	Full-time equated classified positions.....17.0	
25	Drug control policy--17.0 FTE positions..... \$	1,733,700
26	Anti-drug abuse grants.....	<u>25,800,000</u>

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1	GROSS APPROPRIATION.....	\$	27,533,700
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenue.....		27,354,100
5	State general fund/general purpose.....	\$	179,600
6	Sec. 116. CRIME VICTIM SERVICES COMMISSION		
7	Full-time equated classified positions.....9.0		
8	Grants administration services--9.0 FTE positions....	\$	1,033,800
9	Justice assistance grants.....		15,000,000
10	Crime victim rights services grants.....		<u>7,955,300</u>
11	GROSS APPROPRIATION.....	\$	23,989,100
12	Appropriated from:		
13	Federal revenues:		
14	Total federal revenue.....		15,840,200
15	Special revenue funds:		
16	Total other state restricted revenues.....		7,641,200
17	State general fund/general purpose.....	\$	507,700
18	Sec. 117. OFFICE OF SERVICES TO THE AGING		
19	Full-time equated classified positions.....40.5		
20	Commission (per diem \$50.00).....	\$	10,500
21	Long-term care advisor--3.0 FTE positions.....		3,021,400
22	Office of services to aging administration--37.5 FTE		
23	positions.....		4,070,300
24	Community services.....		27,907,900
25	Nutrition services.....		28,248,000
26	Senior volunteer services.....		5,000,000

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1	Senior citizen centers staffing and equipment.....	2,140,700
2	Employment assistance.....	2,748,000
3	DAG commodity supplement.....	7,200,000
4	Michigan pharmaceutical program.....	1,500,000
5	Respite care program.....	<u>7,100,000</u>
6	GROSS APPROPRIATION..... \$	88,946,800
7	Appropriated from:	
8	Federal revenues:	
9	Total federal revenue.....	40,954,200
10	Special revenue funds:	
11	Total private revenue.....	125,000
12	Tobacco settlement revenue.....	8,021,400
13	Total other state restricted revenue.....	4,100,000
14	State general fund/general purpose..... \$	35,746,200
15	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
16	Full-time equated classified positions.....345.5	
17	Medical services administration--343.7 FTE positions. \$	47,222,200
18	Data processing contractual services.....	100
19	Facility inspection contract - state police.....	132,800
20	MIChild administration.....	3,327,800
21	Michigan essential health care provider.....	1,229,100
22	Palliative and hospice care.....	700,000
23	Primary care services--1.8 FTE positions.....	<u>2,548,200</u>
24	GROSS APPROPRIATION..... \$	55,160,200
25	Appropriated from:	
26	Federal revenues:	

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1	Total federal revenues.....	34,896,300
2	Special revenue funds:	
3	Private funds.....	100,000
4	Total other state restricted revenues.....	1,863,300
5	State general fund/general purpose..... \$	18,300,600
6	Sec. 119. MEDICAL SERVICES	
7	Hospital services and therapy..... \$	766,197,000
8	Hospital disproportionate share payments.....	45,000,000
9	Physician services.....	166,434,300
10	Medicare premium payments.....	130,895,000
11	Pharmaceutical services.....	321,607,900
12	Home health services.....	31,398,500
13	Transportation.....	7,825,900
14	Auxiliary medical services.....	71,650,000
15	Long-term care services.....	1,153,380,400
16	Elder prescription insurance coverage.....	37,500,700
17	Health plan services.....	1,288,842,300
18	MIChild outreach.....	3,327,800
19	MIChild program.....	57,567,100
20	Personal care services.....	29,162,900
21	Maternal and child health.....	9,234,500
22	Adult home help.....	158,781,400
23	Social services to the physically disabled.....	1,344,900
24	Subtotal basic medical services program.....	4,280,150,600
25	Wayne County medical program.....	44,012,800
26	School based services.....	142,782,300

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1	State and local medical programs.....	56,724,200
2	Special adjustor payments.....	891,280,400
3	Subtotal special medical services payments.....	<u>1,134,799,700</u>
4	GROSS APPROPRIATION.....	\$ 5,414,950,300
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	3,148,168,900
8	Special revenue funds:	
9	Local revenues.....	727,454,200
10	Private funds.....	500,000
11	Tobacco settlement revenue.....	58,000,000
12	Total other state restricted revenues.....	194,194,000
13	State general fund/general purpose.....	\$ 1,286,633,200

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PART 2

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PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2000-2001

18 **GENERAL SECTIONS**

19 Sec. 201. Pursuant to section 30 of article IX of the state consti-
20 tution of 1963, total state spending from state resources under part 1
21 for fiscal year 2000-2001 is \$3,007,085,700.00 and state spending from
22 state resources to be paid to local units of government for fiscal year
23 2000-2001 is \$1,000,249,300.00. The itemized statement below identifies
24 appropriations from which spending to units of local government will
25 occur:

26 **DEPARTMENT OF COMMUNITY HEALTH**

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1 DEPARTMENTWIDE ADMINISTRATION

2 Departmental administration and management..... \$ 1,618,000

3 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**4 PROGRAMS**

5 Pilot projects in prevention for adults and
6 children..... 913,200

7 Community substance abuse prevention, education,
8 and treatment programs..... 18,419,700

9 Medicaid mental health services..... 505,182,000

10 Community mental health non-Medicaid services..... 311,801,500

11 Medicaid substance abuse services..... 11,942,500

12 INFECTIOUS DISEASE CONTROL

13 AIDS prevention, testing, and care programs..... 1,466,800

14 Sexually transmitted disease local agreements..... 452,900

15 LOCAL HEALTH ADMINISTRATION AND GRANTS

16 Special population health care..... 29,600

17 Local public health operations..... 41,070,200

18 CHRONIC DISEASE, INJURY, AND HEALTH PROMOTION

19 Cancer prevention and control program..... \$ 397,000

20 Diabetes program..... 1,275,000

21 Employee wellness programs..... 1,545,100

22 School health and education programs..... 2,000,000

23 Smoking prevention program..... 2,880,000

24 COMMUNITY LIVING, CHILDREN, AND FAMILIES

25 Adolescent health care services..... 1,908,000

26 Family planning local agreements..... 1,230,300

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1	Homelessness formula grant program - state match.....	708,800
2	Local MCH services.....	246,100
3	OBRA implementation.....	2,459,100
4	Pregnancy prevention program.....	2,511,800
5	Prenatal care outreach and service delivery support..	1,250,000
6	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
7	Case management services.....	1,433,200
8	MEDICAL SERVICES	
9	Special adjustor payments.....	1,383,800
10	Hospital disproportionate share payments.....	18,000,000
11	Hospital services and therapy.....	17,559,300
12	Physician services.....	5,305,100
13	Pharmaceutical services.....	7,265,000
14	Home health services.....	1,195,200
15	Transportation.....	184,500
16	OFFICE OF SERVICES TO THE AGING	
17	Community services.....	13,681,400
18	Nutrition services.....	12,363,000
19	Senior volunteer services.....	3,845,400
20	Michigan pharmaceutical program.....	140,000
21	Respite care program.....	2,000,000
22	CRIME VICTIM SERVICES COMMISSION	
23	Crime victim rights services grants.....	<u>4,585,700</u>
24	TOTAL OF PAYMENTS TO LOCAL UNITS	
25	OF GOVERNMENT.....	\$ 1,000,249,300

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1 Sec. 202. (1) The appropriations authorized under this act are
2 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
3 18.1594.

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

6 Sec. 203. As used in this act:

7 (a) "ACCESS" means Arab community center for economic and social
8 services.

9 (b) "AIDS" means acquired immunodeficiency syndrome.

10 (c) "CMHSP" means a community mental health service program as that
11 term is defined in section 100a of the mental health code, 1974 PA 258,
12 MCL 330.1100a.

13 (d) "DAG" means the United States department of agriculture.

14 (e) "Disease management" means a comprehensive system that
15 incorporates the patient, physician, and health plan into 1 system
16 with the common goal of achieving desired outcomes for patients.

17 (f) "Department" means the Michigan department of community health.

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

19 (h) "EPIC" means elder prescription insurance coverage program.

20 (i) "EPSDT" means early and periodic screening, diagnosis, and
21 treatment.

22 (j) "FTE" means full-time equated.

23 (k) "GME" means graduate medical education.

24 (l) "HIV" means human immunodeficiency virus.

25 (m) "HMO" means health maintenance organization.

26 (n) "IDEA" means individual disability education act.

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1 (o) "MCH" means maternal and child health.

2 (p) "MSS/ISS" means maternal and infant support services.

3 (q) "OBRA" means the omnibus budget reconciliation act of 1987,

4 Public Law 100-203, 101 Stat. 1330.

5 (r) "Qualified health plan" means, at a minimum, an organization
6 that meets the criteria for delivering the comprehensive package of serv-
7 ices under the department's comprehensive health plan.

8 (s) "Title XVIII" means title XVIII of the social security act,
9 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to
10 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to
11 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and
12 1395bbb to 1395ggg.

13 (t) "Title XIX" means title XIX of the social security act, chapter
14 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to 1396r-6, and
15 1396r-8 to 1396v.

16 (u) "WIC" means women, infants, and children supplemental nutrition
17 program.

18 Sec. 204. The department of civil service shall bill departments
19 and agencies at the end of the first fiscal quarter for the 1% charge
20 authorized by section 5 of article XI of the state constitution of 1963.
21 Payments shall be made for the total amount of the billing by the end of
22 the second fiscal quarter.

23 Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on
24 the state classified civil service. State departments and agencies are
25 prohibited from hiring any new full-time state classified civil service
26 employees and prohibited from filling any vacant state classified civil
27 service positions. This hiring freeze does not apply to internal

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1 transfers of classified employees from 1 position to another within a
2 department or to positions that are funded with 80% or more federal or
3 restricted funds.

4 (2) The state budget director shall grant exceptions to this hiring
5 freeze when the state budget director believes that the hiring freeze
6 will result in rendering a state department or agency unable to deliver
7 basic services. The state budget director shall report by the fifteenth
8 of each month to the chairpersons of the senate and house of representa-
9 tives standing committees on appropriations the number of exceptions to
10 the hiring freeze approved during the previous month and the justifica-
11 tion for the exception.

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

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

24 (3) In addition to the funds appropriated in part 1, there is appro-
25 priated an amount not to exceed \$20,000,000.00 for local contingency
26 funds. These funds are not available for expenditure until they have

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1 been transferred to another line item in this act under section 393(2) of
2 the management and budget act, 1984 PA 431, MCL 18.1393.

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

8 Sec. 207. At least 60 days before beginning any effort to privati-
9 ze, the department shall submit a complete project plan to the appropri-
10 ate senate and house of representatives appropriations subcommittees and
11 the senate and house fiscal agencies. The plan shall include the cri-
12 teria under which the privatization initiative will be evaluated. The
13 evaluation shall be completed and submitted to the appropriate senate and
14 house of representatives appropriations subcommittees and the senate and
15 house fiscal agencies within 30 months.

16 Sec. 208. The department shall continue to pilot the use of the
17 Internet to fulfill the reporting requirements of this act. This may
18 include transmission of reports via electronic mail to the recipients
19 identified for each reporting requirement or it may include placement of
20 reports on the Internet or legislative Intranet site. The senate and
21 house of representatives appropriations subcommittees and senate and
22 house fiscal agencies shall be notified in writing of the Internet or
23 Intranet site of any such report. Quarterly, the department shall pro-
24 vide a cumulative listing of the reports submitted during the most recent
25 3-month period along with the Internet or Intranet site of each report,
26 and a list of those reports expected to be transmitted in the following
27 quarter.

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1 Sec. 209. Funds appropriated in part 1 shall not be used for the
2 purchase of foreign goods or services, or both, if competitively priced
3 and of comparable quality American goods or services, or both, are
4 available.

5 Sec. 210. The director of each department receiving appropriations
6 in part 1 shall take all reasonable steps to ensure businesses in
7 deprived and depressed communities compete for and perform contracts to
8 provide services or supplies, or both. Each director shall strongly
9 encourage firms with which the department contracts to subcontract with
10 certified businesses in depressed and deprived communities for services,
11 supplies, or both.

12 Sec. 211. If the revenue collected by the department from fees and
13 collections exceeds the amount appropriated in part 1, the revenue may be
14 carried forward with the approval of the state budget director into the
15 subsequent fiscal year. The revenue carried forward under this section
16 shall be used as the first source of funds in the subsequent fiscal
17 year.

18 Sec. 212. (1) From the amounts appropriated in part 1, no greater
19 than the following amounts are supported with federal maternal and child
20 health block grant, preventive health and health services block grant,
21 substance abuse block grant, healthy Michigan fund, and Michigan health
22 initiative funds:

23 (a) Maternal and child health block grant.....	\$	20,977,000.
24 (b) Preventive health and health services block grant	\$	6,347,100.
25 (c) Substance abuse block grant.....	\$	61,371,200.
26 (d) Healthy Michigan fund.....	\$	42,217,500.

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1 (e) Michigan health initiative..... \$ 9,900,800.

2 (2) On or before February 1, 2001, the department shall report to
3 the house of representatives and senate appropriations subcommittees on
4 community health, the house and senate fiscal agencies, and the state
5 budget director on the detailed name and amounts of federal, restricted,
6 private, and local sources of revenue that support the appropriations in
7 each of the line items in part 1 of this act.

8 (3) Upon the release of the fiscal year 2001-02 executive budget
9 recommendation, the department shall report to the same parties in
10 subsection (2) on the amounts and detailed sources of federal,
11 restricted, private, and local revenue proposed to support the total
12 funds appropriated in each of the line items in part 1 of the fiscal year
13 2001-02 executive budget proposal.

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

17 Sec. 213. The state departments, agencies, and commissions receiv-
18 ing tobacco tax funds from part 1 shall report by November 1, 2000, to
19 the senate and house of representatives appropriations committees, the
20 senate and house fiscal agencies, and the state budget director on the
21 following:

22 (a) Detailed spending plan by appropriation line item including
23 description of programs.

24 (b) Allocations from funds appropriated under these sections.

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

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1 (d) Eligibility criteria for program participation and maximum
2 benefit levels where applicable.

3 (e) Outcome measures to be used to evaluate programs.

4 (f) Any other information considered necessary by the house of rep-
5 resentatives or senate appropriations committees or the state budget
6 director.

7 Sec. 214. The use of state restricted tobacco tax revenue received
8 for the purpose of tobacco prevention, education, and reduction efforts
9 and deposited in the healthy Michigan fund shall not be used for lobbying
10 as defined in 1978 PA 472, MCL 4.411 to 4.431.

11 Sec. 216. (1) In addition to funds appropriated in part 1 for all
12 programs and services, there is appropriated for write-offs of accounts
13 receivable, deferrals, and for prior year obligations in excess of appli-
14 cable prior year appropriations, an amount equal to total write-offs and
15 prior year obligations, but not to exceed amounts available in prior year
16 revenues.

17 (2) The department's ability to satisfy appropriation deductions in
18 part 1 shall not be limited to collections and accruals pertaining to
19 services provided in fiscal year 2000-2001, but shall also include reim-
20 bursements, refunds, adjustments, and settlements from prior years.

21 (3) The department shall report promptly to the house of representa-
22 tives and senate appropriations subcommittees on community health on all
23 reimbursements, refunds, adjustments, and settlements from prior years.

24 Sec. 217. On or before the tenth of each month, the department
25 shall report to the senate and house of representatives appropriations
26 subcommittees on community health, the senate and house fiscal agencies,
27 and the state budget director on the amount of funding paid to the CMHSPs

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1 to support the Medicaid managed mental health care program in that
2 month. The information shall include the total paid to each CMHSP, per
3 capita rate paid for each eligibility group for each CMHSP, and number of
4 cases in each eligibility group for each CMHSP.

5 Sec. 218. Basic health services for the purpose of part 23 of the
6 public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immuni-
7 zations, communicable disease control, sexually transmitted disease con-
8 trol, tuberculosis control, prevention of gonorrhea eye infection in new-
9 borns, screening newborns for the 7 conditions listed in section
10 5431(1)(a) through (g) of the public health code, 1978 PA 368,
11 MCL 333.5431, community health annex of the Michigan emergency management
12 plan, and prenatal care.

13 Sec. 219. (1) The department may contract with the Michigan public
14 health institute for the design and implementation of projects and for
15 other public health related activities prescribed in section 2611 of the
16 public health code, 1978 PA 368, MCL 333.2611. The department may
17 develop a master agreement with the institute to carry out these purposes
18 for up to a 3-year period. The department shall report to the house of
19 representatives and senate appropriations subcommittees on community
20 health, the house and senate fiscal agencies, and the state budget direc-
21 tor on or before November 1, 2000 and May 1, 2001 all of the following:

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

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

26 (c) The expected project duration.

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

3 (2) If a report required under subsection (1) is not received by the
4 house of representatives and senate appropriations subcommittees on com-
5 munity health, the house and senate fiscal agencies, and the state budget
6 director on or before the date specified for that report, the disburse-
7 ment of funds to the Michigan public health institute under this section
8 shall stop. The disbursement of those funds shall recommence when the
9 overdue report is received.

10 (3) On or before September 30, 2001, the department shall provide to
11 the same parties listed in subsection (1) a copy of all reports, studies,
12 and publications produced by the Michigan public health institute, its
13 subcontractors, or the department with the funds appropriated in part 1
14 and allocated to the Michigan public health institute.

15 Sec. 220. All contracts with the Michigan public health institute
16 funded with appropriations in part 1 shall include a requirement that the
17 Michigan public health institute submit to financial and performance
18 audits by the state auditor general of projects funded with state
19 appropriations.

20 Sec. 221. The departments and state agencies receiving appropria-
21 tions under this act shall receive and retain copies of all reports
22 funded from appropriations in part 1. These departments and state agen-
23 cies shall follow federal and state guidelines for short-term and
24 long-term retention of these reports and records.

25 Sec. 222. The department shall require that providers of Medicaid
26 and non-Medicaid services, such as nursing home providers, community
27 mental health service programs, and other health related services,

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1 maintain waiting lists for service needs not met, preserving the
2 confidentiality of clients as required by law. The waiting lists for all
3 of these providers, other than CMHSPs, shall include data by type of
4 service and provide an average length of time persons have been waiting
5 for services. For community mental health services programs, the data
6 shall be reported by type of service for each community mental health
7 services program as well as information on the average length of time
8 spent on each waiting list. No later than April 1, 2001, the department
9 shall provide a report on the information required by this section to the
10 members of the house of representatives and senate appropriations subcom-
11 mittees on community health, the house and senate fiscal agencies, and
12 the state budget director.

13 Sec. 223. The department of community health may establish and col-
14 lect fees for publications, videos and related materials, conferences,
15 and workshops. Collected fees shall be used to offset expenditures to
16 pay for printing and mailing costs of the publications, videos and
17 related materials, and costs of the workshops and conferences. The costs
18 shall not exceed fees collected.

19 Sec. 224. It is the intent of the senate that additional funding
20 for senior volunteer services, Parkinson disease programming, and centers
21 for independent living be considered, should additional funding for the
22 department of community health become available.

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1 DEPARTMENTWIDE ADMINISTRATION

2 Sec. 301. From funds appropriated for worker's compensation, the
3 department may make payments in lieu of worker's compensation payments
4 for wage and salary and related fringe benefits for employees who return
5 to work under limited duty assignments.

6 Sec. 302. Funds appropriated in part 1 for the community health
7 advisory council may be used for member per diems of \$50.00 and other
8 council expenditures.

9 Sec. 303. The department is prohibited from requiring first-party
10 payment from individuals or families with a taxable income of \$10,000.00
11 or less for mental health services.

12 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

13 AND SPECIAL PROJECTS

14 Sec. 350. The department may enter into a contract with the protec-
15 tion and advocacy service, authorized under section 931 of the mental
16 health code, 1974 PA 258, MCL 330.1931, or a similar organization to pro-
17 vide legal services for purposes of gaining and maintaining occupancy in
18 a community living arrangement which is under lease or contract with the
19 department or a community mental health services program board to provide
20 services to persons with mental illness or developmental disability.

1 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

2 PROGRAMS

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

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

8 (b) A complete array of mental health services which shall include,
9 but shall not be limited to, all of the following services: residential
10 and other individualized living arrangements, outpatient services, acute
11 inpatient services, and long-term, 24-hour inpatient care in a struc-
12 tured, secure environment.

13 (c) The coordination of inpatient and outpatient hospital services
14 through agreements with state-operated psychiatric hospitals, units, and
15 centers in facilities owned or leased by the state, and privately-owned
16 hospitals, units, and centers licensed by the state pursuant to sections
17 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to
18 330.1149b.

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

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

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1 (f) A system of continuous quality improvement.

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

4 (2) In partnership with CMHSPs, the department shall establish a
5 process to ensure the long-term viability of a single entry and exit and
6 locally controlled community mental health system.

7 (3) A contract between a CMHSP and the department shall not be
8 altered or modified without a prior written agreement of the parties to
9 the contract.

10 Sec. 402. (1) From funds appropriated in part 1, final authoriza-
11 tions to CMHSPs shall be made upon the execution of contracts between the
12 department and CMHSPs. The contracts shall contain an approved plan and
13 budget as well as policies and procedures governing the obligations and
14 responsibilities of both parties to the contracts. Each contract with a
15 CMHSP that the department is authorized to enter into under this subsec-
16 tion shall include a provision that the contract is not valid unless the
17 total dollar obligation for all of the contracts between the department
18 and the CMHSPs entered into under this subsection for fiscal year
19 2000-2001 does not exceed the amount of money appropriated in part 1 for
20 the contracts authorized under this subsection.

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

25 (a) Any new contracts with CMHSPs that would affect rates or expen-
26 ditures are enacted.

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1 (b) Any amendments to contracts with CMHSPs that would affect rates
2 or expenditures are enacted.

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

5 Sec. 403. From the funds appropriated in part 1 for multicultural
6 services, the department shall ensure that CMHSPs continue contracts with
7 multicultural services providers.

8 Sec. 404. (1) Not later than May 31 of each fiscal year, the
9 department shall provide a report on the community mental health services
10 programs to the members of the house of representatives and senate appro-
11 priations subcommittees on community health, the house and senate fiscal
12 agencies, and the state budget director which shall include information
13 required by this section.

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

17 (a) A demographic description of service recipients which, minimal-
18 ly, shall include reimbursement eligibility, client population, age, eth-
19 nicity, housing arrangements, and diagnosis.

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

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

25 (d) Data describing service outcomes which shall include, but not be
26 limited to, an evaluation of consumer satisfaction, consumer choice, and

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1 quality of life concerns including, but not limited to, housing and
2 employment.

3 (e) Information about access to community mental health services
4 programs which shall include but not be limited to both of the
5 following:

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

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

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

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

16 (h) An estimate of the number of FTEs employed by the CMHSPs or con-
17 tracted with directly by the CMHSPs as of September 30, 2000 and an esti-
18 mate of the number of FTEs employed through contracts with provider
19 organizations as of September 30, 2000.

20 (i) Lapses and carryforwards during fiscal year 1999-2000 for
21 CMHSPs.

22 (j) Contracts for mental health services entered into by CMHSPs with
23 providers, including amounts and rates, organized by type of service
24 provided.

25 (k) Information on the community mental health Medicaid managed care
26 program, including, but not limited to, both of the following:

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1 (i) Expenditures by each CMHSP organized by Medicaid eligibility
2 group, including per eligible individual expenditure averages.

3 (ii) Performance indicator information required to be submitted to
4 the department in the contracts with CMHSPs.

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

7 (4) The department shall take all reasonable actions to ensure that
8 the data required are complete and consistent among all CMHSPs.

9 Sec. 405. It is the intent of the legislature that the employee
10 wage pass-through funded to the community mental health services programs
11 for direct care workers in local residential settings and for paraprofes-
12 sional and other nonprofessional direct care workers in day programs,
13 supported employment, and other vocational programs that was funded
14 beginning April 1, 1999 shall continue to be paid to direct care workers
15 in fiscal year 2000-2001.

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

23 (2) The department shall reimburse all licensed substance abuse pro-
24 grams eligible to participate in the program at a rate equivalent to that
25 paid by the family independence agency to adult foster care providers.
26 Programs accredited by department-approved accrediting organizations

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

3 Sec. 407. (1) The amount appropriated in part 1 for substance abuse
4 prevention, education, and treatment grants shall be expended for con-
5 tracting with coordinating agencies or designated service providers. It
6 is the intent of the legislature that the coordinating agencies or desig-
7 nated service providers work with the CMHSPs to coordinate the care and
8 services provided to individuals with both mental illness and substance
9 abuse diagnoses.

10 (2) The department shall establish a fee schedule for providing sub-
11 stance abuse services and charge participants in accordance with their
12 ability to pay.

13 Sec. 408. (1) By April 15, 2001, the department shall report the
14 following data from fiscal year 1999-2000 on substance abuse prevention,
15 education, and treatment programs to the senate and house of representa-
16 tives appropriations subcommittees on community health, the senate and
17 house fiscal agencies, and the state budget office:

18 (a) Expenditures stratified by coordinating agency, by central diag-
19 nosis and referral agency, by fund source, by subcontractor, by popula-
20 tion served, and by service type. Additionally, data on administrative
21 expenditures by coordinating agency and by subcontractor shall be
22 reported.

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

25 (c) Number of services provided by central diagnosis and referral
26 agency, by subcontractor, and by service type. Additionally, data on

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1 length of stay, referral source, and participation in other state
2 programs.

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

6 (2) The department shall take all reasonable actions to ensure that
7 the required data reported are complete and consistent among all coordi-
8 nating agencies.

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

12 Sec. 410. The department shall assure that substance abuse treat-
13 ment is provided to applicants and recipients of public assistance
14 through the family independence agency who are required to obtain sub-
15 stance abuse treatment as a condition of eligibility for public
16 assistance.

17 Sec. 411. (1) The department shall ensure that each contract with a
18 CMHSP requires the CMHSP to implement programs to encourage diversion of
19 persons with serious mental illness, serious emotional disturbance, or
20 developmental disability from possible jail incarceration when
21 appropriate.

22 (2) Each CMHSP shall have jail diversion services and shall work
23 toward establishing working relationships with representative staff of
24 local law enforcement agencies. Such agencies include the county
25 prosecutors' offices, county sheriffs' offices, county jails, municipal
26 police agencies, municipal detention facilities, and the courts. Written
27 interagency agreements describing what services each participating agency

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1 is prepared to commit to the local jail diversion effort and the
2 procedures to be used by local law enforcement agencies to access mental
3 health jail diversion services are strongly encouraged.

4 Sec. 412. The department shall contract directly with the Salvation
5 Army harbor light program to provide non-Medicaid substance abuse
6 services.

7 Sec. 413. In fiscal year 2000-2001, the department shall develop a
8 plan that conforms to the requirements of the health care finance admin-
9 istration for competitive procurement of contracts to manage Medicaid
10 mental health, developmental disabilities, and substance abuse services.
11 The department shall submit the plan to the appropriations subcommittees
12 for community health of both the house and senate and to the health care
13 financing administration. In fiscal year 2000-2001, the department shall
14 not implement a statewide competitive bid process.

15 Sec. 414. Funds appropriated for Medicaid substance abuse services
16 shall be contracted in full to coordinating agencies through CMHSPs
17 unless such a pass-through is held to be in violation of federal or state
18 law or rules. If such a pass-through is not permissible, the department
19 shall contract directly with coordinating agencies. CMHSPs shall not
20 assume any contractual or financial liability associated with the
21 pass-through substance abuse services funds provided to eligible recip-
22 ients with these funds. The coordinating agencies shall retain financial
23 program responsibilities and liabilities consistent with contract
24 requirements.

25 Sec. 415. If a community mental health board provides Medicaid
26 allowable services to an individual who is subsequently found to be
27 eligible for Medicaid, the board is entitled to receive the appropriate

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1 fee-for-service payments for those services provided during the period of
2 retroactive eligibility for that individual. In addition, a community
3 mental health board providing such services shall receive a \$125.00
4 administrative fee for each Medicaid retroactive eligible individual
5 served. The total expenditures for administrative fees allowed under
6 this section shall not exceed \$5,000,000.00 for fiscal year 2000-2001.

7 Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceuti-
8 cal services, community mental health boards shall not be held liable for
9 the cost of prescribed psychotropic medications during fiscal year
10 2000-2001.

11 (2) The department shall provide quarterly reports to the senate and
12 house of representatives appropriations subcommittees on community
13 health, their respective fiscal agencies, and community mental health
14 boards that include data on psychotropic medications regarding the type,
15 number, cost and prescribing patterns of Medicaid providers.

16 (3) The department, in conjunction with community mental health
17 boards, shall establish a work group for the purpose of developing a drug
18 utilization review program so as to assist community mental health boards
19 in managing prescription drug use. The department shall provide quar-
20 terly reports to the senate and house of representatives appropriations
21 subcommittees on community health and their respective fiscal agencies
22 that document the progress of this work group.

23 Sec. 416a. (1) Should expenditures for either Medicaid retroactive
24 eligibles, psychotropic medications, or both exceed the appropriations
25 contemplated in sections 415 and 416, the department shall recommend the
26 transfer of appropriation lapses as may be necessary to offset such
27 overexpenditures.

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1 (2) In calculating the available amount of lapses for use in
2 offsetting potential overexpenditures resulting from the implementation
3 of sections 415 and 416, those lapses credited to community mental health
4 line items shall only include appropriation lapses in excess of the
5 amount calculated for the 5% carryforward defined in state statute.

6 Sec. 417. (1) It is the intent of the legislature that the depart-
7 ment support pilot projects by community mental health boards to estab-
8 lish regional partnerships.

9 (2) The purpose of the regional partnerships should be to expand
10 consumer choice, promote service integration, and produce system effi-
11 ciencies through the coordination of efforts, or other outcomes, as may
12 be determined by participating community mental health boards.

13 (3) The pilot projects described in this section shall be completely
14 voluntary and be based on projects proposed by the community mental
15 health boards. Each proposed pilot project shall be consistent with the
16 scope, duration, risks, and inducements contained in the plan for compet-
17 itive procurement that the department submits to the health care financ-
18 ing administration as part of the renewal request for the section 1915(b)
19 managed specialty services waiver.

20 (4) As an additional incentive for community mental health boards to
21 engage in the pilot projects described in this section, any regional
22 partnership so formed shall be able to retain 100% of any net lapses gen-
23 erated by the regional partnership.

24 (5) The department shall provide quarterly reports to the senate and
25 house of representatives appropriations subcommittees and their respec-
26 tive fiscal agencies, as to any activities by community mental health
27 boards to form regional partnerships under this section.

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1 STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH
2 DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON
3 MENTAL HEALTH SERVICES

4 Sec. 601. (1) In funding of staff in the financial support divi-
5 sion, reimbursement, and billing and collection sections, priority shall
6 be given to obtaining third-party payments for services. Collection from
7 individual recipients of services and their families shall be handled in
8 a sensitive and nonharassing manner.

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

16 Sec. 602. Unexpended and unencumbered amounts and accompanying
17 expenditure authorizations up to \$2,000,000.00 remaining on September 30,
18 2001 from pay telephone revenues and the amounts appropriated in part 1
19 for gifts and bequests for patient living and treatment environments
20 shall be carried forward for 1 fiscal year. The purpose of gifts and
21 bequests for patient living and treatment environments is to use addi-
22 tional private funds to provide specific enhancements for individuals
23 residing at state-operated facilities. Use of the gifts and bequests
24 shall be consistent with the stipulation of the donor. The expected com-
25 pletion date for the use of gifts and bequests donations is within 3
26 years unless otherwise stipulated by the donor.

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1 Sec. 603. The funds appropriated in part 1 for forensic mental
2 health services provided to the department of corrections are in
3 accordance with the interdepartmental plan developed in cooperation with
4 the department of corrections. The department is authorized to receive
5 and expend funds from the department of corrections in addition to the
6 appropriations in part 1 to fulfill the obligations outlined in the
7 interdepartmental agreements.

8 Sec. 604. (1) The CMHSPs shall provide semiannual reports to the
9 department on the following information:

10 (a) The number of days of care purchased from state hospitals and
11 centers.

12 (b) The number of days of care purchased from private hospitals in
13 lieu of purchasing days of care from state hospitals and centers.

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

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

17 (2) The department shall semiannually report the information in sub-
18 section (1) to the house of representatives and senate appropriations
19 subcommittees on community health, the house and senate fiscal agencies,
20 and the state budget director.

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

26 (2) All closures or consolidations are dependent upon adequate
27 department-approved CMHSP plans that include a discharge and aftercare

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1 plan for each person currently in the facility. A discharge and
2 aftercare plan shall address the person's housing needs. A homeless
3 shelter or similar temporary shelter arrangements are inadequate to meet
4 the person's housing needs.

5 (3) Four months after the certification of closure required in sec-
6 tion 19(6) of 1943 PA 240, MCL 38.19, the department shall provide a clo-
7 sure plan to the house of representatives and senate appropriations
8 subcommittees.

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

13 **INFECTIOUS DISEASE CONTROL**

14 Sec. 801. In the expenditure of funds appropriated in part 1 for
15 AIDS programs, the department and its subcontractors shall ensure that
16 adolescents receive priority for prevention, education, and outreach
17 services.

18 Sec. 802. In developing and implementing AIDS provider education
19 activities, the department may provide funding to the Michigan state med-
20 ical society to serve as lead agency to convene a consortium of health
21 care providers, to design needed educational efforts, to fund other
22 statewide provider groups, and to assure implementation of these efforts,
23 in accordance with a plan approved by the department.

24 Sec. 803. The department shall continue the AIDS drug assistance
25 program maintaining the prior year eligibility criteria and drug

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1 formulary. This section is not intended to prohibit the department from
2 providing assistance for improved AIDS treatment medications.

3 EPIDEMIOLOGY

4 Sec. 850. From the funds appropriated in part 1 for epidemiology
5 administration, no less than \$150,000.00 shall be allocated for the
6 behavioral risk factor survey project.

7 LOCAL HEALTH ADMINISTRATION AND GRANTS

8 Sec. 901. The amount appropriated in part 1 for implementation of
9 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
10 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
11 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
12 health departments for costs incurred related to implementation of sec-
13 tion 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

14 Sec. 902. If a county that has participated in a district health
15 department or an associated arrangement with other local health depart-
16 ments takes action to cease to participate in such an arrangement after
17 October 1, 2000, the department shall have the authority to assess a pen-
18 alty from the local health department's administrative accounts in an
19 amount equal to no more than 3% of the local health department's local
20 public health operations funding. This penalty shall only be assessed to
21 the local county that requests the dissolution of the health department.

22 Sec. 903. The department shall provide a report semiannually to the
23 house of representatives and senate appropriations subcommittees on

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1 community health, the senate and house fiscal agencies, and the state
2 budget director on the expenditures and activities undertaken by the lead
3 abatement program. The report shall include, but is not limited to, a
4 funding allocation schedule, expenditures by category of expenditure and
5 by subcontractor, revenues received, description of program elements, and
6 description of program accomplishments and progress.

7 Sec. 904. (1) Funds appropriated in part 1 for local public health
8 operations shall be prospectively allocated to local health departments
9 to support immunizations, infectious disease control, sexually transmit-
10 ted disease control and prevention, hearing screening, vision services,
11 food protection, public water supply, private groundwater supply, and
12 on-site sewage management. Food protection shall be provided under con-
13 tract with the Michigan department of agriculture. Public water supply,
14 private groundwater supply, and on-site sewage management shall be pro-
15 vided under contract with the Michigan department of environmental
16 quality.

17 (2) Local public health departments will be held to contractual
18 standards for the services in subsection (1).

19 (3) Distributions in subsection (1) shall be made only to counties
20 that maintain local spending in fiscal year 2000-2001 of at least the
21 amount expended in fiscal year 1992-1993 for the services described in
22 subsection (1).

23 (4) By April 1, 2001, the department shall report to the senate and
24 house of representatives appropriations subcommittees on community
25 health, the senate and house fiscal agencies, and the state budget direc-
26 tor on the planned allocation of the funds appropriated for local public
27 health operations.

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1 (5) It is the intent of the legislature that this appropriation be
2 fully expended in fiscal year 2000-2001.

3 Sec. 905. The department shall allocate \$8,488,600.00 to local
4 public health departments for the purpose of providing EPSDT, maternal
5 and infant support services outreach, and other Medicaid outreach and
6 support services.

7 Sec. 906. From the funds appropriated in part 1 for local health
8 services, the department shall allocate \$150,000.00 for a study to iden-
9 tify the sources of pollution and those responsible for polluting, in the
10 Clinton river watershed, downstream of the 12 towns retention treatment
11 facility.

12 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

13 **PROMOTION**

14 Sec. 1001. (1) From the state funds appropriated in part 1, the
15 department shall allocate funds to promote awareness, education, and
16 early detection of breast, cervical, prostate, and colorectal cancer, and
17 provide for other health promotion media activities.

18 (2) The department shall increase funds allocated to promote aware-
19 ness, education, and early detection of breast, cervical, and prostate
20 cancer by \$750,000.00 above the amount allocated for this purpose in
21 fiscal year 1996-1997, and by \$500,000.00 for colorectal cancer.

22 Sec. 1002. (1) The amount appropriated in part 1 for school health
23 and education programs shall be allocated in fiscal year 2000-2001 to
24 provide grants to or contract with certain districts and intermediate
25 districts for the provision of a school health education curriculum.

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1 Provision of the curriculum, such as the Michigan model or another
2 comprehensive school health education curriculum, shall be in accordance
3 with the health education goals established by the Michigan model for the
4 comprehensive school health education state steering committee. The
5 state steering committee shall be comprised of a representative from each
6 of the following offices and departments:

7 (a) The department of education.

8 (b) The department of community health.

9 (c) The public health agency in the department of community health.

10 (d) The office of substance abuse services in the department of com-
11 munity health.

12 (e) The family independence agency.

13 (f) The department of state police.

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

24 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's infor-
25 mation network shall be used to provide information and referral services
26 through regional networks for persons with Alzheimer's disease or related
27 disorders, their families, and health care providers.

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1 Sec. 1004. From the amounts appropriated in part 1 for the cancer
2 prevention and control program, the department may allocate funds to the
3 Hurley and Harper hospitals' prostate cancer demonstration projects in
4 fiscal year 2000-2001.

5 Sec. 1005. From the funds appropriated in part 1 for physical fit-
6 ness, nutrition, and health, up to \$1,000,000.00 may be allocated to the
7 Michigan physical fitness and sports foundation. The allocation to the
8 Michigan physical fitness and sports foundation is contingent upon the
9 foundation providing at least a 20% cash match.

10 Sec. 1006. In spending the funds appropriated in part 1 for the
11 smoking prevention program, priority shall be given to prevention and
12 smoking cessation programs for pregnant women, women with young children,
13 and adolescents.

14 Sec. 1007. (1) The funds appropriated in part 1 for violence pre-
15 vention shall be used for, but not be limited to, the following:

16 (a) Programs aimed at the prevention of spouse, partner, or child
17 abuse and rape.

18 (b) Programs aimed at the prevention of workplace violence.

19 (2) In awarding grants from the amounts appropriated in part 1 for
20 violence prevention, the department shall give equal consideration to
21 public and private nonprofit applicants.

22 (3) From the funds appropriated in part 1 for violence prevention,
23 the department may include local school districts as recipients of the
24 funds for family violence prevention programs.

25 Sec. 1008. From the amount appropriated in part 1 for the cancer
26 prevention and control program, funds shall be allocated to the Karmanos
27 cancer institute/Wayne State University, to the University of Michigan

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1 comprehensive cancer center, and to Michigan State University for cancer
2 prevention activities, consistent with the current priorities of the
3 Michigan cancer consortium.

4 Sec. 1009. From the funds appropriated in part 1 for the diabetes
5 program, a portion of the funds may be allocated to the national kidney
6 foundation of Michigan for kidney disease prevention programming includ-
7 ing early identification and education programs and kidney disease pre-
8 vention demonstration projects.

9 Sec. 1010. Of the funds appropriated in part 1 for the health edu-
10 cation, promotion, and research programs, the department shall allocate
11 \$400,000.00 to implement the osteoporosis prevention and treatment educa-
12 tion program targeting women and school health education. As part of the
13 program, the department shall design and implement strategies for raising
14 public awareness on the causes and nature of osteoporosis, personal risk
15 factors, value of prevention and early detection, and options for diag-
16 nosing and treating osteoporosis.

17 Sec. 1011. From the funds appropriated in part 1 for the diabetes
18 program, \$320,000.00 shall be allocated for improving the health of
19 African-American men in Michigan. The funds shall be used for screening
20 and patient self-care activities for diabetes, hypertension, stroke, and
21 glaucoma and other eye diseases.

22 Sec. 1012. In implementing the early childhood collaborative sec-
23 ondary prevention program, the department shall work cooperatively with
24 the department of education and the family independence agency to address
25 issues and coordinate activities for community-based collaborative pre-
26 vention services. The department shall report annually on the outcomes
27 of this collaborative effort to the senate and house of representatives

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1 appropriation subcommittees on community health and the senate and house
2 fiscal agencies.

3 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

4 Sec. 1101. The department shall review the basis for the distribu-
5 tion of funds to local health departments and other public and private
6 agencies for the women, infants, and children food supplement program;
7 family planning; early and periodic screening, diagnosis, and treatment
8 program; and prenatal care outreach and service delivery support program
9 and indicate the basis upon which any projected underexpenditures by
10 local public and private agencies shall be reallocated to other local
11 agencies that demonstrate need.

12 Sec. 1102. (1) Agencies receiving funds appropriated from part 1
13 for adolescent health care services shall do all of the following:

14 (a) Require each adolescent health clinic funded by the agency to
15 report to the department on an annual basis all of the following
16 information:

17 (i) Funding sources of the adolescent health clinic.

18 (ii) Demographic information of populations served including sex,
19 age, and race. Reporting and presentation of demographic data by age
20 shall include the range of ages of 0-17 years and the range of ages of
21 18-23 years.

22 (iii) Utilization data that reflects the number of visits and repeat
23 visits and types of services provided per visit.

24 (iv) Types and number of referrals to other health care agencies.

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1 (b) As a condition of the contract, a contract shall include the
2 establishment of a local advisory committee before the planning phase of
3 an adolescent health clinic intended to provide services within that
4 school district. The advisory committee shall be comprised of not less
5 than 50% residents of the local school district, and shall not be com-
6 prised of more than 50% health care providers. A person who is employed
7 by the sponsoring agency shall not have voting privileges as a member of
8 the advisory committee.

9 (c) Not allow an adolescent health clinic funded by the agency, as
10 part of the services offered, to provide abortion counseling or services
11 or make referrals for abortion services.

12 (d) Require each adolescent health clinic funded by the agency to
13 have a written policy on parental consent, developed by the local
14 advisory committee and submitted to the local school board for approval
15 if the services are provided in a public school building where instruc-
16 tion is provided in grades kindergarten through 12.

17 (2) A local advisory committee established under subsection (1)(b),
18 in cooperation with the sponsoring agency, shall submit written recommen-
19 dations regarding the implementation and types of services rendered by an
20 adolescent health clinic to the local school board for approval of ado-
21 lescent health services rendered in a public school building where
22 instruction is provided in grades kindergarten through 12.

23 (3) The department shall submit a report to the members of the
24 senate and house of representatives appropriations subcommittees on com-
25 munity health and the senate and house fiscal agencies based on the
26 information provided under subsection (1)(a). The report is due 90 days
27 after the end of the calendar year.

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1 Sec. 1103. Of the funds appropriated in part 1 for adolescent
2 health care services, each teen center shall receive as minimum funding
3 no less than what was allocated in fiscal year 1999-2000, and of the
4 remaining funding 25% shall be distributed based on the number of users,
5 50% distributed based on the number of visits, and 25% distributed based
6 on the number of services provided. This formula does not apply to
7 alternative models.

8 Sec. 1104. Before April 1, 2001, the department shall submit a
9 report to the house and senate fiscal agencies on planned allocations
10 from the amounts appropriated in part 1 for local MCH services, prenatal
11 care outreach and service delivery support, family planning local agree-
12 ments, and pregnancy prevention programs. Using applicable federal defi-
13 nitions, the report shall include information on all of the following:

14 (a) Funding allocations.

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

17 (c) Actual numbers served and amounts expended in the categories
18 described in subdivisions (a) and (b) for the fiscal year 1999-2000.

19 Sec. 1105. For all programs for which an appropriation is made in
20 part 1, the department shall contract with those local agencies best able
21 to serve clients. Factors to be used by the department in evaluating
22 agencies under this section shall include ability to serve high-risk pop-
23 ulation groups; ability to serve low-income clients, where applicable;
24 availability of, and access to, service sites; management efficiency; and
25 ability to meet federal standards, when applicable.

26 Sec. 1106. Each family planning program receiving federal title X
27 family planning funds shall be in compliance with all performance and

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1 quality assurance indicators that the United States bureau of community
2 health services specifies in the family planning annual report. An
3 agency not in compliance with the indicators shall not receive supplemen-
4 tal or reallocated funds.

5 Sec. 1106a. (1) Federal abstinence money expended in part 1 for the
6 purpose of promoting abstinence education shall provide abstinence educa-
7 tion to teenagers most likely to engage in high risk behavior as their
8 primary focus, and may include programs that include 9- to 17-year-olds.
9 Programs funded must meet all of the following guidelines:

10 (a) Teaches the gains to be realized by abstaining from sexual
11 activity.

12 (b) Teaches abstinence from sexual activity outside of marriage as
13 the expected standard for all school age children.

14 (c) Teaches that abstinence is the only certain way to avoid
15 out-of-wedlock pregnancy, sexually transmitted diseases, and other health
16 problems.

17 (d) Teaches that a monogamous relationship in the context of mar-
18 riage is the expected standard of human sexual activity.

19 (e) Teaches that sexual activity outside of marriage is likely to
20 have harmful effects.

21 (f) Teaches that bearing children out of wedlock is likely to have
22 harmful consequences.

23 (g) Teaches young people how to avoid sexual advances and how alco-
24 hol and drug use increases vulnerability to sexual advances.

25 (h) Teaches the importance of attaining self-sufficiency before
26 engaging in sexual activity.

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1 (2) Coalitions, organizations, and programs that do not provide
2 contraceptives to minors and demonstrate efforts to include parental
3 involvement as a means of reducing the risk of teens becoming pregnant
4 shall be given priority in the allocations of funds.

5 (3) Programs and organizations that meet the guidelines of subsec-
6 tion (1) and criteria of subsection (2) shall have the option of receiv-
7 ing all or part of their funds directly from the department of community
8 health.

9 Sec. 1107. Of the amount appropriated in part 1 for prenatal care
10 outreach and service delivery support, not more than 10% shall be
11 expended for local administration, data processing, and evaluation.

12 Sec. 1108. The funds appropriated in part 1 for pregnancy preven-
13 tion programs shall not be used to provide abortion counseling, refer-
14 rals, or services.

15 Sec. 1109. From the amounts appropriated in part 1 for dental pro-
16 grams, funds shall be allocated to the Michigan dental association for
17 the administration of a volunteer dental program that would provide
18 dental services to the uninsured in an amount that is no less than the
19 amount allocated to that program in fiscal year 1996-97.

20 Sec. 1110. Agencies that currently receive pregnancy prevention
21 funds and either receive or are eligible for other family planning funds
22 shall have the option of receiving all of their family planning funds
23 directly from the department of community health and be designated as
24 delegate agencies.

25 Sec. 1111. The department shall allocate no less than 86% of the
26 funds appropriated in part 1 for family planning local agreements and the

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1 pregnancy prevention program for the direct provision of family
2 planning/pregnancy prevention services.

3 Sec. 1112. From the funds appropriated for prenatal care outreach
4 and service delivery support, the department shall allocate at least
5 \$1,000,000.00 to communities with high infant mortality rates.

6 Sec. 1113. From the funds appropriated in part 1 for special
7 projects, the department shall allocate no less than \$200,000.00 to pro-
8 vide education and outreach to targeted populations on the dangers of
9 drug use during pregnancy and fetal alcohol syndrome and further develop
10 its infant support services to target families with infants with fetal
11 alcohol syndrome or suffering from drug addiction.

12 Sec. 1114. From the funds appropriated in part 1 for special
13 projects, the department shall allocate \$250,000.00 to the Nathan Weidner
14 children's advocacy center. These funds shall be considered a work
15 project and any unexpended authorization shall be carried forward to
16 fiscal year 2001-2002.

17 Sec. 1115. From the funds appropriated in part 1 for housing and
18 support services, the department shall allocate \$500,000.00 to the
19 Lutheran home (Bay City) for the purpose of assisting in the retention
20 and enhancement of specialized youthful offender services in the region.

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

22 Sec. 1201. Funds appropriated in part 1 for medical care and treat-
23 ment of children with special health care needs shall be paid according
24 to reimbursement policies determined by the Michigan medical services

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1 program. Exceptions to these policies may be taken with the prior
2 approval of the state budget director.

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

4 (a) Provide special formula for eligible clients with specified met-
5 abolic and allergic disorders.

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

8 (c) Provide genetic diagnostic and counseling services for eligible
9 families.

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

13 Sec. 1203. All children who are determined medically eligible for
14 the children's special health care services program shall be referred to
15 the appropriate locally based services program in their community.

16 **OFFICE OF DRUG CONTROL POLICY**

17 Sec. 1250. From the amount appropriated in part 1 to the office of
18 drug control policy, anti-drug abuse grants, \$200,000.00 shall be trans-
19 ferred to the department of education to fund the office for safe
20 schools.

1 CRIME VICTIM SERVICES COMMISSION

2 Sec. 1301. The per diem amount authorized for the crime victim
3 services commission is \$100.00.

4 OFFICE OF SERVICES TO THE AGING

5 Sec. 1401. The appropriation in part 1 to the office of services to
6 the aging, for community and nutrition services and home services, shall
7 be restricted to eligible individuals at least 60 years of age who fail
8 to qualify for home care services under title XVIII, XIX, or XX of the
9 social security act, chapter 531, 49 Stat. 620.

10 Sec. 1402. (1) The office of services to the aging may receive and
11 expend funds in addition to those authorized in part 1 for the additional
12 purposes described in this section.

13 (2) Money appropriated in part 1 for the Michigan pharmaceutical
14 program shall be used to purchase generic medicine when available and
15 medically practicable.

16 Sec. 1403. The office of services to the aging shall require each
17 region to report to the office of services to the aging home delivered
18 meals waiting lists based upon standard criteria. Determining criteria
19 shall include all of the following:

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

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

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

24 (d) Any other qualifications normally necessary for the recipient to
25 receive home delivered meals.

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1 Sec. 1404. The office of services to the aging may receive and
2 expend fees for the provision of day care, care management, and respite
3 care. The office of services to the aging shall base the fees on a slid-
4 ing scale taking into consideration the client income. The office of
5 services to the aging shall use the fees to expand services.

6 Sec. 1405. The office of services to the aging may receive and
7 expend Medicaid funds for care management services.

8 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement
9 funds to the office of services to the aging for the respite care program
10 shall be allocated in accordance with a long-term care plan developed by
11 the long-term care working group established in section 1637 of 1998 PA
12 336 upon implementation of the plan. The plan shall be implemented upon
13 meeting the requirements of section 1657 of this act. The use of the
14 funds shall be exclusively for direct respite care.

15 Sec. 1407. The appropriation of \$3,021,400.00 of tobacco settlement
16 funds to the office of services to the aging for the long-term care advi-
17 sor shall be allocated in accordance with a long-term care plan developed
18 by the long-term care working group established in section 1637 of 1998
19 PA 336 upon implementation of the plan. The plan shall be implemented
20 upon meeting the requirements of section 1657 of this act.

21 MEDICAL SERVICES ADMINISTRATION

22 Sec. 1501. The funds appropriated in part 1 for the Michigan essen-
23 tial health care provider program may also provide loan repayment for
24 dentists that fit the criteria established by part 27 of the public
25 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

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1 Sec. 1502. The department is directed to continue support of
2 multicultural agencies that provide primary care services from the funds
3 appropriated in part 1.

4 Sec. 1503. From the amounts appropriated in part 1 for palliative
5 and hospice care, \$500,000.00 shall be allocated for education programs
6 on and promotion of palliative care, hospice, and end of life care, and
7 \$200,000.00 shall be allocated for a pilot project to assess long-term
8 feasibility of paying the cost of room and board in hospice residences
9 for low income individuals.

10 Sec. 1504. From the funds appropriated in part 1 for primary care
11 services, the department shall appropriate the same level of financing
12 for the Arab American and Chaldean council, and ACCESS that was appropri-
13 ated in fiscal year 1999-2000.

14 MEDICAL SERVICES

15 Sec. 1601. The department of community health shall provide an
16 administrative procedure for the review of cost report grievances by med-
17 ical services providers with regard to reimbursement under the medical
18 services program. Settlements of properly submitted cost reports shall
19 be paid not later than 9 months from receipt of the final report.

20 Sec. 1602. (1) For care provided to medical services recipients
21 with other third-party sources of payment, medical services reimbursement
22 shall not exceed, in combination with such other resources, including
23 Medicare, those amounts established for medical services-only patients.
24 The medical services payment rate shall be accepted as payment in full.
25 Other than an approved medical services copayment, no portion of a

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1 provider's charge shall be billed to the recipient or any person acting
2 on behalf of the recipient. Nothing in this section shall be considered
3 to affect the level of payment from a third-party source other than the
4 medical services program. The department shall require a nonenrolled
5 provider to accept medical services payments as payment in full.

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

12 Sec. 1603. (1) Effective October 1, 2000, the pharmaceutical dis-
13 pensing fee shall be \$3.72 or the usual or customary cash charge, which-
14 ever is less. If a Medicaid recipient is 21 years of age or older, the
15 department shall require a \$1.00 per prescription copayment, except as
16 prohibited by federal or state law or regulation.

17 (2) Subsequent to the implementation of an automated pharmacy claims
18 adjudication system, the department shall conduct a study to determine
19 what savings may be accruing to Medicaid pharmacy providers as a result
20 of the establishment of this system. Based on the findings from that
21 study, the department may make a recommendation to the legislature for an
22 adjustment to the pharmacy dispensing fee.

23 Sec. 1605. The cost of remedial services incurred by residents of
24 licensed adult foster care homes and licensed homes for the aged shall be
25 used in determining financial eligibility for the medically needy.
26 Remedial services include basic self-care and rehabilitation training for
27 a resident.

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1 Sec. 1606. Medicaid adult dental services, podiatric services, and
2 chiropractic services shall continue at not less than the level in effect
3 on October 1, 1996, except that reasonable utilization limitations may be
4 adopted in order to prevent excess utilization. The department shall not
5 impose utilization restrictions on chiropractic services unless a recipi-
6 ent has exceeded 18 office visits within 1 year.

7 Sec. 1607. The department shall require copayments on dental, podi-
8 atric, chiropractic, vision, and hearing aid services provided to
9 Medicaid recipients, except as prohibited by federal or state law or
10 regulation.

11 Sec. 1609. (1) From the funds appropriated in part 1 for the indi-
12 gent medical care program, the department shall establish a program that
13 provides for the basic health care needs of indigent persons as delin-
14 eated in the following subsections.

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

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

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

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

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

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

3 (b) Diagnostic laboratory and x-ray services.

4 (c) Pharmaceutical services.

5 (5) Notwithstanding subsection (2)(b), the state may continue to
6 provide nursing facility coverage, including medically necessary ancil-
7 lary services, to individuals categorized as permanently residing under
8 color of law and who meet either of the following requirements:

9 (a) The individuals were medically eligible and residing in such a
10 facility as of August 22, 1996 and qualify for emergency medical
11 services.

12 (b) The individuals were Medicaid eligible as of August 22, 1996,
13 and admitted to a nursing facility before a new eligibility determination
14 was conducted by the family independence agency.

15 Sec. 1611. (1) The department may require medical services recip-
16 ients residing in counties offering managed care options to choose the
17 particular managed care plan in which they wish to be enrolled. Persons
18 not expressing a preference may be assigned to a managed care provider.

19 (2) Persons to be assigned a managed care provider shall be informed
20 in writing of the criteria for exceptions to capitated managed care
21 enrollment, their right to change health plans for any reason within the
22 initial 30 days of enrollment, the toll-free telephone number for prob-
23 lems and complaints, and information regarding grievance and appeals
24 rights.

25 (3) The criteria for medical exceptions to qualified health plans
26 shall be based on submitted documentation that indicates a recipient has
27 a serious medical condition, and is undergoing active treatment for that

1 condition with a physician who does not participate in 1 of the qualified
2 health plans. If the person meets the criteria established by this sub-
3 section, the department shall grant an exception to mandatory enrollment
4 at least through the current prescribed course of treatment, subject to
5 periodic review of continued eligibility.

6 Sec. 1612. (1) The department shall not preauthorize single-source
7 pharmaceutical products except in the following circumstances:

8 (a) Those single-source pharmaceutical products that have been
9 subject to prior authorization by the department prior to January 1,
10 1992.

11 (b) Those single-source pharmaceuticals within the categories speci-
12 fied in section 1927(d)(2) of title XIX, 42 U.S.C. 1396r-8, or for the
13 reasons delineated in section 1927(d)(3) of title XIX, 42
14 U.S.C. 1396r-8.

15 (c) Those pharmaceutical products related to the treatment of sexual
16 dysfunction.

17 (d) Those pharmaceutical products that do not have a medically
18 accepted indication. As used in this subdivision, "medically accepted
19 indication" means any use of a covered outpatient drug that is approved
20 under the federal food, drug, and cosmetic act, that appears in peer
21 reviewed medical literature, or that is accepted by 1 or more of the fol-
22 lowing compendia: the American hospital formulary service-drug informa-
23 tion, the American medical association drug evaluations, the United
24 States pharmacopeia-drug information, or the drugdex information system.

25 (2) The department may implement prospective drug utilization review
26 and disease management systems. The prospective drug utilization review
27 and disease management systems authorized by this subsection shall have

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1 physician oversight, shall focus on patient, physician, and pharmacist
2 education, and shall be developed in consultation with the national phar-
3 maceutical council, Michigan state medical society, Michigan association
4 of osteopathic physicians, Michigan pharmacists' association, Michigan
5 partner for patient advocacy, and Michigan nurses' association.

6 (3) The department shall continue the process of developing and
7 implementing the automated pharmacy claims adjudication and prospective
8 drug utilization review system and disease management system. The
9 department shall provide bimonthly reports to the members of the senate
10 and house of representatives appropriations subcommittees on community
11 health and the senate and house fiscal agencies on the progress of the
12 development and implementation of this system.

13 Sec. 1613. The department may implement a mail-order pharmacy pro-
14 gram for the noncapitated portion of the Medicaid program after a study
15 by the department is submitted to the house of representatives and senate
16 appropriations subcommittees on community health and after the repeal of
17 section 17763(a) of the public health code, 1978 PA 368, MCL 333.17763.

18 Sec. 1614. (1) The department shall assure that all Medicaid chil-
19 dren have timely access to early and periodic screening, diagnosis, and
20 treatment (EPSDT) services as required by federal law. Medicaid managed
21 care plans will provide EPSDT services in accordance with EPSDT policy.
22 Requirements for objective hearing and vision screening may be met by
23 referral to local health departments.

24 (2) The primary responsibility of assuring a child's hearing and
25 vision screening is with the child's primary care provider. The primary
26 care provider will provide age appropriate screening or arrange for these
27 tests through referrals to local health departments. Local health

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1 departments shall provide preschool hearing and vision screening services
2 and accept referrals for these tests from physicians or from Head Start
3 programs in order to assure all preschool children have appropriate
4 access to hearing and vision screening. Local health departments will be
5 reimbursed for the cost of providing these tests for Medicaid eligible
6 children by the Medicaid program.

7 Sec. 1615. (1) The department of community health is authorized to
8 pursue reimbursement for eligible services provided in Michigan schools
9 from the federal Medicaid program. The department and the state budget
10 director are authorized to negotiate and enter into agreements, together
11 with the department of education, with local and intermediate school dis-
12 tricts regarding the sharing of federal Medicaid services funds received
13 for these services. The department is authorized to receive and disburse
14 funds to participating school districts pursuant to such agreements and
15 state and federal law.

16 (2) From the funds appropriated in part 1 for medical services
17 school services payments, the department is authorized to do all of the
18 following:

19 (a) Finance activities within the medical services administration
20 related to this project.

21 (b) Reimburse participating school districts pursuant to the fund
22 sharing ratios negotiated in the state-local agreements authorized in
23 subsection (1).

24 (c) Offset general fund costs associated with the medical services
25 program.

26 Sec. 1616. The special medical services payments appropriation in
27 part 1 may be increased if the department submits a medical services

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1 state plan amendment pertaining to this line item at a level higher than
2 the appropriation. The department is authorized to appropriately adjust
3 financing sources in accordance with the increased appropriation.

4 Sec. 1617. The department of community health shall obtain
5 patient-based utilization data from those qualified health plans with
6 which the department contracts. The data shall include immunizations,
7 early and periodic screenings, diagnoses, and treatments, blood lead
8 level testing, and maternal and infant support services. The department
9 shall submit annual reports on patient-based utilization data to the mem-
10 bers of the senate and house of representatives appropriations subcommit-
11 tees on community health, the senate and house fiscal agencies, the state
12 budget director, and the director of each local health department.

13 Sec. 1619. Medical services shall be provided to elderly and dis-
14 abled persons with incomes less than or equal to 100% of the official
15 poverty line, pursuant to the state's option to elect such coverage set
16 out at section 1902(a)(10)(A)(ii) and (m) of title XIX, chapter 531, 49
17 Stat. 620, 42 U.S.C. 1396a.

18 Sec. 1621. The department of community health shall distribute
19 \$695,000.00 to children's hospitals that have a high indigent care
20 volume. The amount to be distributed to any given hospital shall be
21 based on a formula determined by the department of community health.

22 Sec. 1622. (1) The department shall implement enforcement actions
23 as specified in the nursing facility enforcement provisions of section
24 1919 of title XIX, chapter 531, 49 Stat. 620, 42 U.S.C. 1396r.

25 (2) The department is authorized to receive and spend penalty money
26 received as the result of noncompliance with medical services
27 certification regulations. Penalty money, characterized as private

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1 funds, received by the department shall increase authorizations and
2 allotments in the long-term care accounts.

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

5 Sec. 1624. (1) Medical services patients who are enrolled in quali-
6 fied health plans or capitated clinic plans have the choice to elect hos-
7 pice services or other services for the terminally ill that are offered
8 by the qualified health plan or clinic plan. If the patient elects hos-
9 pice services, those services shall be provided in accordance with
10 part 214 of the public health code, 1978 PA 368, MCL 333.21401 to
11 333.21420.

12 (2) The department shall not amend the medical services hospice
13 manual in a manner that would allow hospice services to be provided with-
14 out making available all comprehensive hospice services described in 42
15 C.F.R. part 418.

16 Sec. 1626. (1) From the funds appropriated in part 1, the depart-
17 ment, subject to the requirements and limitations in this section, shall
18 establish a funding pool of up to \$44,012,800.00 for the purpose of
19 enhancing the aggregate payment for medical services hospital services.

20 (2) For a county with a population of more than 2,000,000 people,
21 the department shall distribute \$44,012,800.00 to hospitals if
22 \$15,026,700.00 is received by the state from such a county, which meets
23 the criteria of an allowable state matching share as determined by appli-
24 cable federal laws and regulations. If the state receives a lesser sum
25 of an allowable state matching share from such a county, the amount dis-
26 tributed shall be reduced accordingly.

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1 (3) The department may establish county-based, indigent health care
2 programs that are at least equal in eligibility and coverage to the
3 fiscal year 1996 state medical program.

4 (4) The department is authorized to establish similar programs in
5 additional counties if the expenditures for the programs do not increase
6 state general fund/general purpose costs and local funds are provided.

7 (5) If a locally administered indigent health care program replaces
8 the state medical program authorized by section 1609 for a given county
9 on or before October 1, 1998, the state general fund/general purpose dol-
10 lars allocated for that county under this section shall not be less than
11 the general fund/general purpose expenditures for the state medical pro-
12 gram in that county in the previous fiscal year.

13 Sec. 1627. An institutional provider that is required to submit a
14 cost report under the medical services program shall submit cost reports
15 completed in full within 5 months after the end of its fiscal year.

16 Sec. 1634. (1) The department may establish a program for persons
17 to purchase medical coverage at a rate determined by the department.

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

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

22 Sec. 1635. Implementation and contracting for managed care by
23 Medicaid plans to the department are subject to the following
24 conditions:

25 (a) Continuity of care is assured by allowing enrollees to continue
26 receiving required medically necessary services from their current

1 providers for a period not to exceed 1 year if enrollees meet the managed
2 care medical exception criteria.

3 (b) The department shall require contracted health plans to submit
4 data determined necessary for the evaluation on a timely basis.

5 (c) A health plans advisory council is functioning that meets all
6 applicable federal and state requirements for a medical care advisory
7 committee. The council shall review at least quarterly the implementa-
8 tion of the department's managed care plans.

9 (d) Mandatory enrollment is prohibited until there are at least 2
10 qualified health plans with the capacity to adequately serve each geo-
11 graphic area affected. Exceptions may be considered in areas where at
12 least 85% of all area providers are in 1 plan.

13 (e) Enrollment of recipients of children's special health care serv-
14 ices in qualified health plans shall be voluntary during fiscal year
15 2000-2001.

16 (f) The department shall develop a case adjustment to its rate meth-
17 odology that considers the costs of persons with HIV/AIDS, end stage
18 renal disease, organ transplants, epilepsy, and other high-cost diseases
19 or conditions and shall implement the case adjustment when it is proven
20 to be actuarially and fiscally sound. Implementation of the case adjust-
21 ment must be budget neutral.

22 Sec. 1637. (1) Medicaid qualified health plans shall establish an
23 ongoing internal quality assurance program for health care services pro-
24 vided to Medicaid recipients which includes all of the following:

25 (a) An emphasis on health outcomes.

26 (b) Establishment of written protocols for utilization review based
27 on current standards of medical practice.

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1 (c) Review by physicians and other health care professionals of the
2 process followed in the provision of the health care services.

3 (d) Evaluation of the continuity and coordination of care that
4 enrollees receive.

5 (e) Mechanisms to detect overutilization and underutilization of
6 services.

7 (f) Actions to improve quality and assess the effectiveness of the
8 action through systematic follow-up.

9 (g) Provision of information on quality and outcome measures to
10 facilitate enrollee comparison and choice of health coverage options.

11 (h) Ongoing evaluation of the plans' effectiveness.

12 (i) Consumer involvement in the development of the quality assurance
13 program and consideration of enrollee complaints and satisfaction survey
14 results.

15 (2) Medicaid qualified health plans shall apply for accreditation by
16 an appropriate external independent accrediting organization requiring
17 standards recognized by the department once those plans have met the
18 application requirements. The state shall accept accreditation of a plan
19 by an approved accrediting organization as proof that the plan meets some
20 or all of the state's requirements, if the state determines that the
21 accrediting organization's standards meet or exceed the state's
22 requirements.

23 (3) Medicaid qualified health plans shall report encounter data,
24 including data on inpatient and outpatient hospital care, physician
25 visits, pharmaceutical services, and other services specified by the
26 department.

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1 (4) Medicaid qualified health plans shall assure that all covered
2 services are available and accessible to enrollees with reasonable
3 promptness and in a manner that assures continuity. Medically necessary
4 services shall be available and accessible 24 hours a day and 7 days a
5 week. Health plans shall continue to develop procedures for determining
6 medical necessity which may include a prior authorization process.

7 (5) Medicaid qualified health plans shall provide for reimbursement
8 of plan covered services delivered other than through the plan's provid-
9 ers if medically necessary and approved by the plan, immediately
10 required, and that could not be reasonably obtained through the plan's
11 providers on a timely basis. Such services shall be considered approved
12 if the plan does not respond to a request for authorization within 24
13 hours of the request. Reimbursement shall not exceed the Medicaid
14 fee-for-service payment for those services.

15 (6) Medicaid qualified health plans shall provide access to appro-
16 priate providers, including qualified specialists for all medically nec-
17 essary services.

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

21 (8) Medicaid qualified health plans shall provide assurances to the
22 department that it will not deny enrollment to, expel, or refuse to reen-
23 roll any individual because of the individual's health status or need for
24 services, and that it will notify all eligible persons of those assur-
25 ances at the time of enrollment.

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

4 (10) Medicaid qualified health plans shall meet other standards and
5 requirements contained in state laws, administrative rules, and policies
6 promulgated by the department.

7 (11) Medicaid qualified health plans shall develop written plans for
8 providing nonemergency medical transportation services funded through
9 supplemental payments made to the plans by the department, and shall
10 include information about transportation in their member handbook.

11 Sec. 1640. (1) The department may require a 12-month lock-in to the
12 qualified health plan selected by the recipient during the initial and
13 subsequent open enrollment periods, but allow for good cause exceptions
14 during the lock-in period.

15 (2) Medicaid recipients shall be allowed to change health plans for
16 any reason within the initial 90 days of enrollment.

17 Sec. 1641. (1) The department shall provide an expedited complaint
18 review procedure for Medicaid eligible persons enrolled in qualified
19 health plans for situations in which failure to receive any health care
20 service would result in significant harm to the enrollee.

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

26 (3) Semiannual reports summarizing the problems and complaints
27 reported and their resolution shall be provided to the house of

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1 representatives and senate appropriations subcommittees on community
2 health, the house and senate fiscal agencies, and the department's health
3 plans advisory council.

4 Sec. 1642. The department shall require the enrollment contractor
5 to provide beneficiary services. These services shall include all of the
6 following:

7 (a) Contacting eligible Medicaid beneficiaries.

8 (b) Providing education on managed care.

9 (c) Providing information through a toll-free number regarding
10 available health plans and their primary care providers available in the
11 Medicaid beneficiaries area.

12 (d) Entering the beneficiaries health plan choice in the information
13 system for communication to the state and the health plan, written noti-
14 fication to the beneficiary regarding their health plan choice, and
15 notice of their right to change plans consistent with federal
16 guidelines.

17 (e) Guiding beneficiaries through both health plan and state com-
18 plaint and fair hearing processes, including helping the beneficiary fill
19 out required forms.

20 (f) Being available to attend a hearing with a beneficiary if
21 requested by the beneficiary to provide objective information regarding
22 events that have occurred pertinent to the beneficiary.

23 Sec. 1643. (1) The department may make separate payments directly
24 to qualifying hospitals serving a disproportionate share of indigent
25 patients, and to hospitals providing graduate medical education training
26 programs. If direct payment for GME and DSH is made to qualifying

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1 hospitals for services to Medicaid clients, hospitals will not include
2 GME costs or DSH payments in their contracts with HMOs.

3 (2) Whenever economic and feasible, the department shall give pref-
4 erence to programs that provide a choice of qualified contractors and at
5 least an annual open enrollment in the program.

6 Sec. 1644. The mother of an unborn child shall be eligible for med-
7 ical services benefits for herself and her child if all other eligibility
8 factors are met. To be eligible for these benefits, the applicant shall
9 provide medical evidence of her pregnancy. If she is unable to provide
10 the documentation, payment for the examination may be at state expense.
11 The department of community health shall undertake measures necessary to
12 ensure that necessary prenatal care is provided to medical services eli-
13 gible recipients.

14 Sec. 1645. (1) The protected income level for Medicaid coverage
15 determined pursuant to section 106(1)(b)(iii) of the social welfare act,
16 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance
17 standard.

18 (2) The department shall notify the senate and house of representa-
19 tives appropriations subcommittees on community health of any proposed
20 revisions to the protected income level for Medicaid coverage related to
21 the public assistance standard 90 days prior to implementation.

22 Sec. 1646. For the purpose of guardian and conservator charges, the
23 department of community health may deduct up to \$60.00 per month as an
24 allowable expense against a recipient's income when determining medical
25 services eligibility and patient pay amounts.

26 Sec. 1656. The department shall promote activities that preserve
27 the dignity and rights of terminally ill and chronically ill

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1 individuals. Priority shall be given to programs, such as hospice, that
2 focus on individual dignity and quality of care provided persons with
3 terminal illness and programs serving persons with chronic illnesses that
4 reduce the rate of suicide through the advancement of the knowledge and
5 use of improved, appropriate pain management for these persons; and ini-
6 tiatives that train health care practitioners and faculty in managing
7 pain, providing palliative care, and suicide prevention.

8 Sec. 1657. The long-term care working group established in section
9 1637 of 1998 PA 336 shall continue to exist until the long-term care
10 working group has completed its work on a written long-term care plan.
11 The department shall not implement a long-term care plan until the expi-
12 ration of 24 days during which at least 1 house of the legislature con-
13 venes after the long-term care working group has submitted the written
14 long-term care plan to the senate majority leader, the speaker of the
15 house, the senate and house appropriations subcommittees on community
16 health, and the state budget director.

17 Sec. 1659. From the amounts appropriated in part 1 for hospital
18 services, the department shall allocate for graduate medical education no
19 less than was allocated for graduate medical education in fiscal year
20 1998-99.

21 Sec. 1660. The following sections are the only ones that shall
22 apply to the following Medicaid managed care programs, including the com-
23 prehensive plan, children's special health care services plan, MI Choice
24 long-term care plan, and the mental health, substance abuse, and develop-
25 mentally disabled services program: 217, 222, 402, 404, 413, 414, 1611,
26 1614, 1624, 1635, 1637, 1640, 1641, 1642, 1643, 1662, 1663, 1690, 1691,
27 1692, and 1693.

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1 Sec. 1662. (1) The department shall include provision in the
2 contracts with health plans for full responsibility for well child visits
3 and maternal and infant support services as described in Medicaid
4 policy. This responsibility will also be included in the information
5 distributed by the health plans to the members.

6 (2) The department shall develop and implement a budget neutral
7 enrollment based incentive program to encourage qualified health plans to
8 improve infant and children's health outcomes by improving access to
9 maternal and infant support services (MSS/ISS) and to well child
10 examinations. Qualified health plans with the most improved performance
11 will be eligible for automatic beneficiary enrollment and those plans who
12 fail to improve will be ineligible for new enrollment. Qualified health
13 plans will refund to the department any unexpended MSS/ISS capitation
14 below the fee for service equivalent MSS/ISS capitation in fiscal year
15 1996-97.

16 (3) Maternal and infant support services shall continue to be pro-
17 vided through state certified providers.

18 Sec. 1663. The department shall continue a work group on EPSDT and
19 maternal and infant support services. The work group shall be made up of
20 consumers, advocates, health care providers, and health plan
21 representatives. The work group shall, at a minimum, establish an out-
22 reach program to educate providers on the requirements of EPSDT screen-
23 ing, and advise the department on providing targeted assistance to health
24 plans that are screening less than 60% of the child members that are eli-
25 gible for EPSDT services and recommend strategies to improve access to
26 maternal and infant support services.

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

14 (2) The department shall enter into a contract to obtain MICHild
15 services from any health maintenance organization, dental care corpora-
16 tion, or any other entity that offers to provide the managed health care
17 benefits for MICHild services at the MICHild capitated rate. As used in
18 this subsection:

19 (a) "Dental care corporation", "health care corporation", "insurer",
20 and "prudent purchaser agreement" mean those terms as defined in section
21 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

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

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

26 (4) The department may make payments on behalf of children enrolled
27 in the MICHild program from the line-item appropriation associated with

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1 the program as described in the MICHild state plan approved by the United
2 States department of health and human services, or from other medical
3 services line-item appropriations providing for specific health care
4 services.

5 Sec. 1673. From the funds appropriated in part 1, the department
6 shall continue a comprehensive approach to the marketing and outreach of
7 the MICHild program. The marketing and outreach required under this sec-
8 tion shall be coordinated with current outreach, information dissemina-
9 tion, and marketing efforts and activities conducted by the department.

10 Sec. 1674. The department may provide up to 1 year of continuous
11 eligibility to a family made eligible for the MICHild program unless the
12 family's status changes and its members no longer meet the eligibility
13 criteria as specified in the federally approved MICHild state plan.

14 Sec. 1676. The department may establish premiums for MICHild eligi-
15 ble persons in families with income above 150% of the federal poverty
16 level. The monthly premiums shall not exceed \$5.00 for a family.

17 Sec. 1677. The department shall not require copayments under the
18 MICHild program.

19 Sec. 1678. Families whose category of eligibility changes between
20 the Medicaid and MICHild programs shall be assured of keeping their cur-
21 rent health care providers through the current prescribed course of
22 treatment for up to 1 year, subject to periodic reviews by the department
23 if the beneficiary has a serious medical condition and is undergoing
24 active treatment for that condition.

25 Sec. 1681. To be eligible for the MICHild program, a child must be
26 residing in a family with an adjusted gross income of less than or equal

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1 to 200% of the federal poverty level. The department's verification
2 policy shall be used to determine eligibility.

3 Sec. 1682. The MICHild program shall provide all benefits available
4 under the state employee insurance plan that are delivered through the
5 qualified health plans and consistent with federal law, including, but
6 not limited to, the following medically necessary services:

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

11 (b) Outpatient mental health services, other than substance abuse
12 services, including services furnished in a state-operated mental hospi-
13 tal and community-based services.

14 (c) Durable medical equipment and prosthetic and orthotic devices.

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

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

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

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

21 (h) Emergency ambulance services.

22 Sec. 1686. The department shall make available to health care pro-
23 viders a pamphlet identifying patient rights and responsibilities
24 described in section 20201 of the public health code, 1978 PA 368,
25 MCL 333.20201.

26 Sec. 1687. All nursing home rates, class I and class III, must have
27 their respective fiscal year rate set 30 days prior to the beginning of

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1 their rate year. Rates may take into account the most recent cost report
2 prepared and certified by the preparer, provider corporate owner or rep-
3 resentative as being true and accurate, and filed timely, within 5 months
4 of the fiscal year end in accordance with Medicaid policy. If the
5 audited version of the last report is available, it shall be used. Any
6 rate factors based on the filed cost report may be retroactively adjusted
7 upon completion of the audit of that cost report.

8 Sec. 1690. (1) Reimbursement for medical services to screen and
9 stabilize a Medicaid recipient in a hospital emergency room shall not be
10 made contingent on obtaining prior authorization from the recipient's
11 qualified health plan. If the recipient is discharged from the emergency
12 room, the hospital shall notify the recipient's qualified health plan
13 within 24 hours of the diagnosis and treatment received.

14 (2) If the treating hospital determines that the recipient will
15 require further medical service or hospitalization beyond the point of
16 stabilization, that hospital must receive authorization from the
17 recipient's qualified health plan prior to admitting the recipient.

18 (3) Subsections (1) and (2) shall not be construed as a requirement
19 to alter an existing agreement between a qualified health plan and their
20 contracting hospitals nor as a requirement that a qualified health plan
21 must reimburse for services that are not considered to be medically
22 necessary.

23 Sec. 1691. (1) It is the intent of the legislature that a uniform
24 Medicaid billing form be developed by the department in consultation with
25 affected Medicaid providers. Every 2 months, the department shall pro-
26 vide reports to members of the senate and house of representatives

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1 appropriations subcommittees on community health and the senate and house
2 fiscal agencies on the progress of this initiative.

3 (2) Until such time as a uniform billing form is developed and
4 implemented, the following shall apply to Medicaid qualified health
5 plans:

6 (a) If a billing form is received by a qualified health plan with a
7 noncorrectable error, the qualified health plan shall return the form
8 within 10 business days to the billing provider with plain language
9 instructions as to what items need to be corrected.

10 (b) If a qualified health plan fails to provide reimbursement for at
11 least 90% of its clean claims within 30 days of receipt, the qualified
12 health plans shall be subject to an interest charge based on the value of
13 the unpaid claims. Interest shall be paid at the rate specified in sec-
14 tion 3902(a) of title 31 of the United States Code, 31 U.S.C. 3902. As
15 used in this subdivision, "clean claim" means a claim that has no defect
16 or impropriety, including lack of required substantiating documentation
17 for noncontracting providers and suppliers, or particular circumstances
18 requiring special treatment that prevents timely payment from being made
19 on the claim.

20 (c) If a qualified health plan has followed the procedure specified
21 in subdivision (a), the required time for reimbursement does not begin
22 until a corrected billing form has been received.

23 (d) A Medicaid provider that submits a duplicate of a claim that has
24 been denied or returned with notice that it is incomplete or incorrect
25 shall be subject to a service charge for each duplicate claim, in an
26 amount determined by the department, if the duplicate claim is submitted

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1 without completion, correction, or further information that addresses the
2 denial or return.

3 (3) The department shall hold regular Medicaid billing seminars tar-
4 geted to both qualified health plans and Medicaid providers. The number
5 and locations of these seminars should be sufficient to provide reason-
6 able access to qualified health plans and Medicaid providers throughout
7 the state. The department shall provide quarterly reports to the members
8 of the senate and house of representatives appropriations subcommittees
9 on community health and the senate and house fiscal agencies on the
10 number of seminars, their content and location, and the number of persons
11 attending these seminars.

12 Sec. 1692. (1) The department shall do or demonstrate that it has
13 accomplished all of the following concerning the provision of early and
14 periodic screening, diagnosis, and treatment (EPSDT) and maternal and
15 infant support services (MSS/ISS):

16 (a) Explore the feasibility of developing a uniform encounter form
17 for EPSDT services, MSS/ISS referral, and MSS/ISS screening and
18 services.

19 (b) Require each qualified health plan to evaluate 100% of pregnant
20 Medicaid enrollees for possible MSS/ISS screening referral during the
21 initial pregnancy services visit, using uniform screening and referral
22 criteria.

23 (c) Require each qualified health plan to notify the department and
24 the appropriate local health department of all MSS/ISS screening refer-
25 rals, and require all MSS/ISS screening and service providers to notify
26 the department and the appropriate local health department of Medicaid
27 clients who fail to keep MSS/ISS appointments.

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1 (d) Prohibit qualified health plans from requiring prior
2 authorization for their contracted providers for any EPSDT screening and
3 diagnostic service, for MSS/ISS screening referral, or for up to 3
4 MSS/ISS service visits.

5 (e) Coordinate the provision of MSS/ISS services with the women,
6 infants, and children supplemental nutrition (WIC) program, state sup-
7 ported substance abuse, smoking prevention, and violence prevention pro-
8 grams, the family independence agency, and any other state or local pro-
9 gram with a focus on preventing adverse birth outcomes and child abuse
10 and neglect.

11 (2) The department shall require the external quality review con-
12 tractor required under section 1638 to conduct a statistically signifi-
13 cant sampling of the health records of Medicaid eligible clients of all
14 qualified health plans for all of the following information:

15 (a) The number of Medicaid enrollees under age 19.

16 (b) The number of Medicaid enrollees receiving at least 1 EPSDT
17 service.

18 (c) The number and type of EPSDT services rendered.

19 (d) The immunization status of each EPSDT eligible enrollee who is
20 seen by a plan provider.

21 (e) The number of enrollees receiving blood lead screening.

22 (f) The number of referrals to local health departments for blood
23 lead screening, immunization, or objective hearing and vision screening
24 services.

25 (g) The number of pregnant Medicaid enrollees.

26 (h) The number of referrals for MSS/ISS assessment.

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1 (i) The number of MSS/ISS assessments performed.

2 (j) The number and description of MSS/ISS visits or services
3 delivered.

4 (k) The number of prenatal visits per pregnant enrollee.

5 (l) Fetal or infant death, birth weight, and infant morbidity data
6 for Medicaid enrollees.

7 (3) The department shall compile and report the information required
8 in subsection (2) and a report on the distribution of MSS/ISS providers
9 across the state to the senate and house of representatives appropria-
10 tions subcommittees on community health, the senate and house fiscal
11 agencies, and the state budget director no later than February 1, 2001.

12 Sec. 1693. The department shall allocate the funds appropriated in
13 part 1 for Medicaid outreach and service delivery support to local health
14 departments to provide outreach services to Medicaid qualified health
15 plan enrollees for whom the local health department has received notifi-
16 cation of referral for MSS/ISS or EPSDT services, or failure to keep
17 EPSDT or MSS/ISS appointments. Each local health department shall imme-
18 diately notify the department of all Medicaid eligible individuals it has
19 identified who are not enrolled in a Medicaid qualified health plan.

20 Sec. 1694. (1) By October 1, 2000, the department shall implement
21 procedures for claims processing that use or accept a standard scannable
22 form for dental claims.

23 (2) By October 1, 2000, the department shall implement procedures
24 for claims processing that allow participating dental providers to submit
25 claims for reimbursement for covered dental services using the American
26 dental association's "code on dental procedures and nomenclature" as

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1 contained in the latest edition of the American dental association's
2 publication "current dental terminology".

3 (3) By October 1, 2001, the department shall implement procedures
4 for claims processing that allow participating dental providers to submit
5 claims electronically.

6 Sec. 1695. (1) Effective January 1, 2001, it is the intent of the
7 legislature that an elder prescription insurance coverage program will be
8 established, referred to in this section as the EPIC program. The guid-
9 ing principles of this program are all of the following:

10 (a) To enhance access to prescription medications for low income
11 elderly residents of this state.

12 (b) To make that access meaningful by reducing the cost to senior
13 citizens to obtain prescription medications.

14 (c) To assist the elderly in understanding how prescription medica-
15 tions can be beneficial in treating diseases, illnesses, and conditions
16 that are more prevalent in the aged.

17 (d) To provide the means by which those persons who prescribe and
18 dispense prescription medications for the elderly are better able to rec-
19 ognize those prescription situations in which combinations of new and/or
20 existing drugs, or other factors, could result in an adverse drug inter-
21 action in an elderly person.

22 (e) The program developed pursuant to this section is not an enti-
23 tlement and benefits are limited to the level supported by the funding
24 explicitly appropriated in this or subsequent acts.

25 (2) In furthering these guiding principles, the operational parame-
26 ters of the EPIC program shall include at least all of the following:

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1 (a) Limiting eligibility to Michigan residents who are over the age
2 of 64, who have household incomes at or below 200% of poverty, and who
3 are not eligible for Medicaid.

4 (b) Establishing variable premium rates based on a percentage of
5 household income, which rate shall be not more than 5% of household
6 income if household income is 200% of poverty and shall be zero if house-
7 hold income is 100% or less of poverty.

8 (c) A mechanism, such as limiting the number of policies sold, to
9 ensure that expenditures do not exceed available revenue.

10 (3) The EPIC program shall not be implemented until after an auto-
11 mated pharmacy claims adjudication and prospective drug utilization
12 review system is operational.

13 (4) The EPIC program shall not be implemented until section 273 of
14 the income tax act of 1967, 1967 PA 281, MCL 206.273, is repealed.

15 Sec. 1696. From the funds appropriated in part 1 for auxiliary med-
16 ical services, dental fees shall be increased 4%.

17 Sec. 1697. (1) The department shall continue the rural health ini-
18 tiative started in fiscal year 1999-2000 with emphasis on rural emergency
19 medical services system, medical equipment, and technology. From the
20 funds appropriated in part 1 for the rural health initiative,
21 \$4,000,000.00 shall be allocated as matching grants for the purpose of
22 defraying the costs associated with training and retaining rural emer-
23 gency medical service technicians, \$1,000,000.00 for the purchase of
24 defibrillators, and the remainder for other medical equipment and
25 technology.

26 (2) The department shall maximize the use of federal matching funds
27 for these projects whenever possible.

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1 Sec. 1698. (1) An applicant for Medicaid, whose qualifying
2 condition is pregnancy, shall immediately be presumed to be eligible for
3 Medicaid coverage unless the preponderance of evidence in her application
4 indicates otherwise.

5 (2) An applicant qualified as described in subsection (1) shall be
6 given a letter of authorization to receive Medicaid covered services
7 related to her pregnancy. In addition, the applicant shall receive a
8 listing of Medicaid physicians and managed care plans in the immediate
9 vicinity of the applicant's residence.

10 (3) An applicant that selects a Medicaid provider, other than a man-
11 aged care plan, from which to receive pregnancy services, shall not be
12 required to enroll in a managed care plan until the end of the second
13 month postpartum.

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

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

24 Sec. 1699. From the funds appropriated in part 1 for hospital serv-
25 ices and therapy and physician services, the department shall increase
26 the rates of payments for hospital outpatient and physician services by
27 11%.

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1 Sec. 1699a. The department shall provide coverage for lipase
2 inhibitors for the treatment of obesity and its related co-morbidities
3 for Medicaid patients, through prior authorization, according to federal
4 food and drug administration approved package insert guidelines.

5 Sec. 1700. The personal care services rate shall remain at the same
6 level that was in effect during fiscal year 1999-2000.

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8
9 PART 2B

10 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 1999-2000

11 Sec. 2201. Of the amount appropriated to the elder prescription
12 insurance coverage program funded from tobacco settlement revenue in 1999
13 PA 114, \$21,700,000.00 shall be considered a work project. Those funds
14 shall not lapse on September 30, 2000 and shall be carried forward for
15 the purpose of supporting expenditures of the elder prescription insur-
16 ance coverage program in fiscal year 2000-2001.

 Sec. 2202. (1) For fiscal year 1999-2000, the department shall
increase hospital inpatient payments rates by \$71.00 per Medicaid
inpatient day on a 1-time basis, for hospitals that currently receive less
than \$76.00 per Medicaid inpatient day in disproportionate share payment
and have greater than 10% Medicaid bed occupancy.

 (2) This section is retroactive to October 1, 1999, and aggregate
payments under this section shall not exceed \$18,000,000.00. In the event
it appears that the full year cost will exceed that amount, the department
shall prorate the increase in payment rates accordingly.

17 Enacting section 1. Part 1b, section 130 of 1999 PA 114, and
18 Part 2b, sections 2201 to 2203 of 1999 PA 114, are repealed.