

SENATE BILL No. 1080

March 4, 2004, Introduced by Senators HAMMERSTROM and JOHNSON and referred to the Committee on Health Policy.

A bill to amend 1974 PA 258, entitled "Mental health code," by amending section 232b (MCL 330.1232b), as added by 2002 PA 597.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 232b. (1) The department shall establish standards for
2 community mental health services programs designated as specialty
3 prepaid health plans under the medicaid managed care program
4 described in section 109f of the social welfare act, 1939 PA 280,
5 MCL 400.109f. The standards established under this section shall
6 reference applicable federal regulations related to medicaid
7 managed care programs and specify additional state requirements
8 for specialty prepaid health plans. The standards established
9 under this section shall be published in a departmental bulletin
10 or by an updating insert to a departmental manual.

1 (2) As a condition for contracting and for receiving payment
2 under the medicaid managed care program, a community mental
3 health services program designated as a specialty prepaid health
4 plan shall certify both of the following:

5 (a) That the program is in substantial compliance with the
6 standards promulgated by the department and with applicable
7 federal regulations.

8 (b) That the program has established policies and procedures
9 to monitor compliance with the standards promulgated by the
10 department and with applicable federal regulations and to ensure
11 program integrity.

12 (3) The department shall conduct an annual review of all
13 community mental health services programs designated as specialty
14 prepaid health plans to verify the declarations made by the
15 community mental health services program and to monitor
16 compliance with the standards promulgated for specialty prepaid
17 health plans and with applicable federal regulations. The annual
18 review process established under this section shall be published
19 in a departmental bulletin or by an updating insert to a
20 departmental manual.

21 (4) The department may conduct separate reviews of a
22 specialty prepaid health plan in response to beneficiary
23 complaints, financial status considerations, or health and safety
24 concerns.

25 (5) Contracts with specialty prepaid health plans shall
26 indicate the sanctions that the department may invoke if it makes
27 a determination that a specialty prepaid health plan is not in

1 substantial compliance with promulgated standards and with
2 established federal regulations, that the specialty prepaid
3 health plan has misrepresented or falsified information reported
4 to the state or to the federal government, or that the specialty
5 prepaid health plan has failed substantially to provide necessary
6 covered services to recipients under the terms of the contract.
7 Sanctions may include intermediate actions including, but not
8 limited to, a monetary penalty imposed on the administrative and
9 management operation of the specialty prepaid health plan,
10 imposition of temporary state management of a community mental
11 health services program operating as a specialty prepaid health
12 plan, or termination of the department's medicaid managed care
13 contract with the community mental health services program.

14 (6) ~~Before~~ **Except as provided in subsection (7), before**
15 imposing a sanction on a community mental health services program
16 that is operating as a specialty prepaid health plan, the
17 department shall provide that specialty prepaid health plan with
18 timely written notice that explains both of the following:

19 (a) The basis and nature of the sanction.

20 (b) The opportunity for a hearing to contest or dispute the
21 department's findings and intended sanction, prior to the
22 imposition of the sanction. A hearing under this section is
23 subject to the provisions governing a contested case under the
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
25 24.328, unless otherwise agreed to in the specialty prepaid
26 health plan contract.

27 (7) **In the case of a community mental health authority**

1 established under section 204(4), the director may immediately
2 implement the sanctions described in subsection (5) before
3 complying with the notice and opportunity for a hearing
4 requirements in subsection (6).

5 Enacting section 1. This amendatory act does not take
6 effect unless all of the following bills of the 92nd Legislature
7 are enacted into law:

8 (a) Senate Bill No. 1076.

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10 (b) Senate Bill No. 1077.

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12 (c) Senate Bill No. 1078.

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14 (d) Senate Bill No. 1079.

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