

(15) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer this section and shall have all of the powers and duties as otherwise provided under this section for the department of treasury.

(16) As used in this section:

(a) “Communications skills” means reading and writing.

(b) “Social studies” means geography, history, economics, and American government.

### **388.1705 Counting nonresident pupils in membership; application and enrollment; procedures.**

Sec. 105. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing within the same intermediate district in membership without the approval of the pupil’s district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing within the same intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing within the same intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a 15-day period from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program. The notice shall identify the 15-day period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program.

(C) Within 15 days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in that grade, school, or program, using the random draw system required under subsection (13) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (13), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll,

the district may not fill those positions until the second semester enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing within the same intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing within the same intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a 15-day period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment.

(3) If a district determines during the first semester of a school year that it has positions available for enrollment of a number of nonresidents residing within the same intermediate district, beyond those entitled to preference under this section, for the second semester of the school year, the district may accept applications from and enroll nonresidents residing within the same intermediate district for the second semester using the following procedures:

(a) Not later than 2 weeks before the end of the first semester, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) During the last 2 weeks of the first semester, the district shall accept applications from nonresidents residing within the same intermediate district for enrollment for the second semester in the available grades, schools, and programs.

(c) By the beginning of the second semester, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll in the district for the second semester and notify the parent or legal guardian of each nonresident applicant residing within the same intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing within the same intermediate district may limit the number of nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

(6) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) A district may refuse to enroll a nonresident applicant if the applicant is, or has been within the preceding 2 years, suspended from another school or if the applicant has ever been expelled from another school.

(10) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester immediately preceding the school year or semester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall give preference for enrollment under this section over all other nonresident applicants residing within the same intermediate district to other school-age children who reside in the same household as a pupil described in subsection (10).

(12) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(13) If the number of qualified nonresident applicants eligible for acceptance in a school, grade, or program does not exceed the positions available for nonresident pupils in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing within the same intermediate district eligible for acceptance exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(14) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant, the district of residence shall provide that information on a timely basis.

(15) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(16) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district,

a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(17) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(18) A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1400 to 1420, 1431 to 1461, and 1471 to 1487, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

(19) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(20) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

### **388.1707 Allocation for adult education programs.**

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for 2003-2004 for adult education programs authorized under this section.

(2) To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general education development (G.E.D.) test preparation program, a job or employment related program, or a high school completion program, that meets the requirements of this section, and shall meet either of the following, as applicable:

(a) If the individual has obtained a high school diploma or a general education development (G.E.D.) certificate, the individual meets 1 of the following:

(i) Is less than 20 years of age on September 1 of the school year and is enrolled in the state technical institute and rehabilitation center.

(ii) Is less than 20 years of age on September 1 of the school year, is not attending an institution of higher education, and is enrolled in a job or employment-related program through a referral by an employer.

(iii) Is enrolled in an English as a second language program.

(iv) Is enrolled in a high school completion program.

(b) If the individual has not obtained a high school diploma or G.E.D. certificate, the individual meets 1 of the following:

(i) Is at least 20 years of age on September 1 of the school year.

(ii) Is at least 16 years of age on September 1 of the school year, has been permanently expelled from school under section 1311(2) or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program available through his or her district of residence.

(3) Except as otherwise provided in subsection (4), the amount allocated under subsection (1) shall be distributed as follows:

(a) For districts and consortia that received payments for 2001-2002 under this section, the amount allocated to each for 2003-2004 shall be based on the number of participants

served by the district or consortium for 2003-2004, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to 26.67% of the amount the district or consortium received for 2001-2002 under this section before any reallocations made for 2001-2002 under subsection (4).

(b) A district or consortium that received funding in 2002-2003 under this section may operate independently of a consortium or join or form a consortium for 2003-2004. The allocation for 2003-2004 to the district or the newly formed consortium under this subsection shall be determined by the department of career development and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in 2002-2003. A district or consortium described in this subdivision shall notify the department of career development of its intention with regard to 2003-2004 by October 1, 2003.

(4) A district that operated an adult education program in 2002-2003 and does not intend to operate a program in 2003-2004 shall notify the department of career development by October 1, 2003 of its intention. The funds intended to be allocated under this section to a district that does not operate a program in 2003-2004 and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in 2003-2004 under this section.

(5) The amount allocated under this section per full-time equated participant is \$2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

(6) An adult basic education program or an adult English as a second language program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who are determined by an appropriate assessment to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.

(b) The program tests individuals for eligibility under subdivision (a) before enrollment and tests participants to determine progress after every 90 hours of attendance, using assessment instruments approved by the department of career development.

(c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:

(i) The participant's reading and mathematics proficiency are assessed at or above the ninth grade level.

(ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (10) until the participant meets 1 of the following:

(i) The participant is assessed as having attained basic English proficiency.

(ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of career development shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(7) A general education development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) The program shall administer a G.E.D. pre-test approved by the department of career development before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer other tests after every 90 hours of attendance to determine a participant's readiness to take the G.E.D. test.

(c) A funding recipient shall receive funding according to subsection (10) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

(i) The participant passes the G.E.D. test.

(ii) The participant fails to show progress on 2 successive tests used to determine readiness to take the G.E.D. test after having completed at least 450 hours of instruction.

(8) A high school completion program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) A funding recipient shall receive funding according to subsection (10) for a participant in a course offered under this subsection until 1 of the following occurs:

(i) The participant passes the course and earns a high school diploma.

(ii) The participant fails to earn credit in 2 successive semesters or terms in which the participant is enrolled after having completed at least 900 hours of instruction.

(9) A job or employment-related adult education program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills and are not attending an institution of higher education.

(b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (10) until 1 of the following occurs:

(i) The individual achieves the requisite skills as determined by appropriate assessment instruments administered at least after every 90 hours of attendance.

(ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department of career development shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(10) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency; for passage of the G.E.D. test; for passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(11) As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(12) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), (8), or (9) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(13) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section.

(14) A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(15) A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.

(16) For a district that had a pupil accounting audit of its adult education and alternative education programs for the fiscal years 1999-2000, 2000-2001, and 2001-2002 and for which a deduction resulting from the audit pertaining to the 2001-2002 fiscal year was settled with the department by September 30, 2002, the audit shall be considered closed after September 30, 2003 and any remaining claim by this state resulting from the audit shall be considered satisfied and discharged.

### **388.1707a Family resource center curriculum blue ribbon study committee; delivery of adult education and related family services; recommendations; qualifications and appointment of members; timetable.**

Sec. 107a. (1) The family resource center curriculum blue ribbon study committee is established to explore and make recommendations on implementing a new integrated system of delivering adult education and related family services beginning with the 2004-2005 school year, including, but not limited to:

(a) Educational services, including, but not limited to, high school completion programs, adult basic education, general education development (G.E.D.) test preparation, English as a second language programs, and early childhood education.

(b) Family services, including, but not limited to, even start programs, 21st century learning center grants, before- and after-school child care programs, parenting classes, and referrals for family and child services.

(c) Employment and training services, including, but not limited to, career preparation programs and work readiness classes.

(2) The family resource center curriculum blue ribbon study committee shall consist of the following:

(a) Two members of the senate, 1 appointed by the senate majority leader and 1 appointed by the senate minority leader.

(b) Two members of the house of representatives, 1 appointed by the speaker of the house of representatives and 1 appointed by the minority leader of the house of representatives.

(c) A representative of the Michigan association of community and adult education.

(d) A representative of the Michigan works! association.

(e) Three local adult education program directors, appointed jointly by the legislative members appointed under subdivisions (a) and (b).

(f) Three local Michigan works program directors, appointed jointly by the legislative members appointed under subdivisions (a) and (b).

(g) The state director of adult education.

(3) The timetable for the work of the family resource center curriculum blue ribbon study committee is as follows:

(a) Not later than September 1, 2003, report on its progress to the senate and house appropriations subcommittees responsible for this act.

(b) Not later than November 1, 2003, make final recommendations to the senate and house appropriations subcommittees responsible for this act.

### **388.1708 Adult learning programs.**

Sec. 108. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$1,000,000.00 for 2003-2004 for partnership for adult learning programs authorized under this section.

(2) To be eligible to be enrolled as a participant in an adult learning program funded under this section, a person shall be at least 16 years of age as of September 1 of the immediately preceding state fiscal year and shall meet the following, as applicable:

(a) If the individual has obtained a high school diploma or a general education development (G.E.D.) certificate, the individual is determined to have English language proficiency, reading, writing, or math skills below workforce readiness standards as determined by tests approved by the department of career development and is not enrolled in a postsecondary institution. An individual who has obtained a high school diploma is not eligible for enrollment in a G.E.D. test preparation program funded under this section.

(b) If the individual has not obtained a high school diploma or a G.E.D. certificate, the individual has not attended a secondary institution for at least 6 months before enrollment in an adult learning program funded under this section and is not enrolled in a postsecondary institution.

(3) From the allocation under subsection (1), an amount not to exceed \$980,000.00 is allocated for 2003-2004 to local workforce development boards for the purpose of providing regional adult learning programs. An application for a grant under this subsection shall be in the form and manner prescribed by the department of career development. Subject to subsections (4), (5), and (6), the amount allocated to each local workforce development board shall be as provided in this subsection, except that an eligible local workforce development board shall not receive an initial allocation under this section that is less than \$70,000.00. The maximum amount of a grant awarded to an eligible local workforce development board shall be the sum of the following components:

(a) Thirty-four percent of the allocation under this subsection multiplied by the proportion of the family independence agency caseload in the local workforce development board region to the statewide family independence agency caseload.



(b) Thirty-three percent of the allocation under this subsection multiplied by the proportion of the number of persons in the local workforce development board region over age 17 who have not received a high school diploma compared to the statewide total of persons over age 17 who have not received a high school diploma.

(c) Thirty-three percent of the allocation under this subsection multiplied by the proportion of the number of persons in the local workforce development board region over age 17 for whom English is not a primary language compared to the statewide total of persons over age 17 for whom English is not a primary language.

(4) The amount of a grant to a local workforce development board under subsection (3) shall not exceed the cost for adult learning programs needed in the local workforce development board region, as documented in a manner approved by the department of career development.

(5) Not more than 9% of a grant awarded to a local workforce development board may be used for program administration, including contracting for the provision of career and educational information, counseling services, and assessment services.

(6) In order to receive funds under this section, a local workforce development board shall comply with the following requirements in a manner approved by the department of career development:

(a) The local workforce development board shall document the need for adult learning programs in the local workforce development region.

(b) The local workforce development board shall report participant outcomes and other measurements of program performance.

(c) The local workforce development board shall develop a strategic plan that incorporates adult learning programs in the region. A local workforce development board is not eligible for state funds under this section without a strategic plan approved by the department of career development.

(d) The local workforce development board shall furnish to the department of career development, in a form and manner determined by the department of career development, the information the department of career development determines is necessary to administer this section.

(e) The local workforce development board shall allow access for the department of career development or its designee to audit all records related to adult learning programs for which it receives funds. The local workforce development board shall reimburse this state for all disallowances found in the audit in a manner determined by the department of career development.

(7) Local workforce development boards shall distribute funds to eligible adult learning providers as follows:

(a) Not less than 85% of a grant award shall be used to support programs that improve reading, writing, and math skills to workforce readiness standards; English as a second language programs; G.E.D. preparation programs; high school completion programs; or workforce readiness programs in the local workforce development board region. These programs may include the provision of career and educational information, counseling services, and assessment services.

(b) Up to 15% of a grant award may be used to support workforce readiness programs for employers in the local workforce development board region as approved by the department of career development. Employers or consortia of employers whose employees participate in these programs must provide matching funds in a ratio of at least \$1.00 of private funds for each \$1.00 of state funds.

(8) Local workforce development boards shall award competitive grants to eligible adult learning providers for the purpose of providing adult learning programs in the local workforce development board region. Applications shall be in a form and manner prescribed by the department of career development. In awarding grants, local workforce development boards shall consider all of the following:

(a) The ability of the provider to assess individuals before enrollment using assessment tools approved by the department of career development and to develop individual adult learner plans from those assessments for each participant.

(b) The ability of the provider to conduct continuing assessments in a manner approved by the department of career development to determine participant progress toward achieving the goals established in individual adult learner plans.

(c) The past effectiveness of an eligible provider in improving adult literacy skills and the success of an eligible provider in meeting or exceeding performance measures approved by the department of career development.

(d) Whether the program is of sufficient intensity and duration for participants to achieve substantial learning gains.

(e) Whether the program uses research-based instructional practices that have proven to be effective in teaching adult learners.

(f) Whether the program uses advances in technology, as appropriate, including computers.

(g) Whether the programs are staffed by well-trained teachers, counselors, and administrators.

(h) Whether the activities coordinate with other available resources in the community, such as schools, postsecondary institutions, job training programs, and social service agencies.

(i) Whether the provider offers flexible schedules and support services, such as child care and transportation, that enable participants, including individuals with disabilities or other special needs, to attend and complete programs.

(j) Whether the provider offers adequate job and postsecondary education counseling services.

(k) Whether the provider can maintain an information management system that has the capacity to report participant outcomes and monitor program performance against performance measures approved by the department of career development.

(l) Whether the provider will allow access for the local workforce development board or its designee to audit all records related to adult learning programs for which it receives funds. The adult learning provider shall reimburse the local workforce development board for all disallowances found in the audit.

(m) The cost per participant contact hour or unit of measurable outcome for each type of adult learning program for which the provider is applying.

(9) Contracts awarded by local workforce development boards to adult learning providers shall comply with the priorities established in a strategic plan approved by the department of career development.

(10) Adult learning providers that do not agree with the decisions of the local workforce development board in issuing or administering competitive grants may use the grievance procedure established by the department of career development.

(11) Local workforce development boards shall reimburse eligible adult learning providers under this section as follows:

(a) For a first-time provider, as follows:

(i) Fifty percent of the contract amount shall be allocated to eligible adult learning providers based upon enrollment of participants in adult learning programs. "Enrollment"

means a participant enrolled in the program who received a preenrollment assessment using assessment tools approved by the department of career development and for whom an individual adult learner plan has been developed.

(ii) Fifty percent of the contract amount shall be allocated to eligible adult learning providers based upon the following performance standards as measured in a manner approved by the department of career development:

(A) The percentage of participants taking both a pretest and a posttest in English language proficiency, reading, writing, and math.

(B) The percentage of participants showing improvement toward goals identified in their individual adult learner plan.

(C) The percentage of participants achieving their terminal goals as identified in their individual adult learner plan.

(b) Eligible providers that have provided adult learning programs previously under this section shall be reimbursed 100% of the contract amount based upon the performance standards in subdivision (a)(ii) as measured in a manner determined by the department of career development.

(c) A provider is eligible for reimbursement for a participant in an adult learning program until the participant's reading, writing, or math proficiency, as applicable, is assessed at workforce readiness levels or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

(d) A provider is eligible for reimbursement for a participant in an English as a second language program until the participant is assessed as having attained basic English proficiency or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

(e) A provider is eligible for reimbursement for a participant in a G.E.D. test preparation program until the participant passes the G.E.D. test or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

(f) A provider is eligible for reimbursement for a participant in a high school completion program until the participant earns a high school diploma or the participant fails to show progress as determined by the department of career development.

(12) A person who is not eligible to be a participant funded under this section may receive adult learning services upon the payment of tuition or fees for service. The tuition or fee level shall be determined by the adult learning provider and approved by the local workforce development board.

(13) Adult learning providers may collect refundable deposits from participants for the use of reusable equipment and supplies and may provide incentives for program completion.

(14) A provider shall not be reimbursed under this section for an individual who is an inmate in a state correctional facility.

(15) In order to administer the partnership for adult learning system under this section, the department of career development shall do all of the following:

(a) Develop and provide guidelines to local workforce development boards for the development of strategic plans that incorporate adult learning.

(b) Develop and provide adult learning minimum program performance standards to be implemented by local workforce development boards.

(c) Identify approved assessment tools for assessing a participant's English language proficiency, reading, math, and writing skills.

(d) Approve workforce readiness standards for English language proficiency, reading, math, and writing skills that can be measured by nationally recognized assessment tools approved by the department of career development.

(16) Of the amount allocated in subsection (1), up to \$20,000.00 is allocated to the department of career development for the development and administration of a standardized data collection system. Local workforce development boards and adult learning providers receiving funding under this section shall use the standardized data collection system for enrolling participants in adult learning programs, tracking participant progress, reporting participant outcomes, and reporting other performance measures.

(17) A provider is not required to use certificated teachers or certificated counselors to provide instructional and counseling services in a program funded under this section.

(18) As used in this section:

(a) “Adult education”, for the purposes of complying with section 3 of article VIII of the state constitution of 1963, means a high school pupil receiving educational services in a nontraditional setting from a district or intermediate district in order to receive a high school diploma.

(b) “Adult learning program” means a program approved by the department of career development that improves reading, writing, and math skills to workforce readiness standards; an English as a second language program; a G.E.D. preparation program; a high school completion program; or a workforce readiness program that enhances employment opportunities.

(c) “Eligible adult learning provider” means a district, public school academy, intermediate district, community college, university, community-based organization, or other organization approved by the department of career development that provides adult learning programs under a contract with a local workforce development board.

(d) “Participant” means an individual enrolled in an adult learning program and receiving services from an eligible adult learning provider.

(e) “Strategic plan” means a document approved by the department of career development that incorporates adult learning goals and objectives for the local workforce development board region and is developed jointly by the local workforce development board and the education advisory groups.

(f) “Workforce development board” means a local workforce development board established pursuant to the workforce investment act of 1998, Public Law 105-220, 112 Stat. 936, and the school-to-work opportunities act of 1994, Public Law 103-239, 108 Stat. 568, or the equivalent.

(g) “Workforce readiness standard” means a proficiency level approved by the department of career development in English language, reading, writing, or mathematics, or any and all of these, as determined by results from assessments approved for use by the department of career development.

### **388.1747 Allocations to public school employees' retirement system.**

Sec. 147. (1) The allocation for 2003-2004 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated at 14.37% for the 2003-2004 state fiscal year. However, if all eligible districts participating in the school bond loan authority assist the state treasurer in the refinancing of school bond loan authority debt, the annual level percentage of payroll contribution rate for all districts is estimated to be 12.99% for the 2003-2004 fiscal

year. If an eligible district does not assist in the refinancing, that district's payroll contribution rate is estimated to be 14.37% for the 2003-2004 fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of 33 years for 2003-2004. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

(2) It is the intent of the legislature that the amortization period described in section 41(2) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to 30 years by the end of the 2005-2006 state fiscal year by reducing the amortization period by not more than 1 year each fiscal year.

### **388.1766a Instruction in reproductive health or other sex education; notice, review, and observation; excuse from instruction; failure to comply.**

Sec. 166a. (1) In order to avoid forfeiture of state aid under subsection (2), the board of a district or intermediate district providing reproductive health or other sex education instruction under section 1169, 1506, or 1507 of the revised school code, MCL 380.1169, 380.1506, and 380.1507, or under any other provision of law, shall ensure that all of the following are met:

(a) That the district or intermediate district does not provide any of the instruction to a pupil who is less than 18 years of age unless the district or intermediate district notifies the pupil's parent or legal guardian in advance of the instruction and the content of the instruction, gives the pupil's parent or legal guardian a prior opportunity to review the materials to be used in the instruction, allows the pupil's parent or legal guardian to observe the instruction, and notifies the pupil's parent or legal guardian in advance of his or her rights to observe the instruction and to have the pupil excused from the instruction.

(b) That, upon the written request of a pupil's parent or legal guardian or of a pupil if the pupil is at least age 18, the pupil shall be excused, without penalty or loss of academic credit, from attending class sessions in which the instruction is provided.

(c) That the sex education instruction includes information clearly informing pupils that having sex or sexual contact with an individual under the age of 16 is a crime punishable by imprisonment, and that 1 of the other results of being convicted of this crime is to be listed on the sex offender registry on the internet for at least 25 years.

(2) A district or intermediate district that does not comply with this section shall forfeit 5% of its total state school aid allocation under this act.

### **Total state spending; payment to local units of government.**

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2002 PA 521, 2002 PA 191, 2001 PA 121, and 2000 PA 297 from state sources for fiscal year 2002-2003 is estimated at \$11,462,251,900.00 and state appropriations to be paid to local units of government for fiscal year 2002-2003 are estimated at \$11,408,849,600.00; and total state spending in this amendatory act and in 2002 PA 521 from state sources for fiscal year 2003-2004 is estimated at \$11,269,920,500.00 and state appropriations to be paid to local units of government for fiscal year 2003-2004 are estimated at \$11,256,802,800.00.

**Repeal of MCL 388.1608, 388.1608c, 388.1618d, 388.1632a, 388.1632i, 388.1655, 388.1667, 388.1694, 388.1696, 388.1699a, 388.1721a, and 388.1758.**

Enacting section 2. Sections 8, 8c, 18d, 32a, 32i, 55, 67, 94, 96, 99a, 121a, and 158 of the state school aid act of 1979, 1979 PA 94, MCL 388.1608, 388.1608c, 388.1618d, 388.1632a, 388.1632i, 388.1655, 388.1667, 388.1694, 388.1696, 388.1699a, 388.1721a, and 388.1758, are repealed effective October 1, 2003.

**Effective date of sections.**

Enacting section 3. (1) Except as otherwise specified in subsection (2), this amendatory act takes effect October 1, 2003.

(2) Sections 11, 11g, 20, 24, 26a, and 31d of 1979 PA 94, as amended by this amendatory act, and sections 20k, 31e, 98b, and 107a of 1979 PA 94, as added by this amendatory act, take effect upon enactment of this amendatory act.

This act is ordered to take immediate effect.  
Approved August 10, 2003.  
Filed with Secretary of State August 11, 2003.

**[No. 159]**

**(HB 4392)**

AN ACT to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

*The People of the State of Michigan enact:*

PART 1

LINE-ITEM APPROPRIATIONS

**Appropriations; department of community health.**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF COMMUNITY HEALTH**

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions .....	4,382.3	
Average population.....	995.0	
GROSS APPROPRIATION .....		\$ 9,486,616,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers.....		69,204,800
ADJUSTED GROSS APPROPRIATION .....		\$ 9,417,411,200

	For Fiscal Year Ending Sept. 30, 2004
Federal revenues:	
Total federal revenues .....	\$ 5,248,332,100
Special revenue funds:	
Total local revenues .....	812,256,100
Total private revenues .....	57,844,000
Tobacco settlement revenue .....	98,000,000
Total other state restricted revenues .....	639,408,300
State general fund/general purpose .....	\$ 2,561,570,700

### Departmentwide administration.

#### Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions .....	6.0
Full-time equated classified positions .....	286.9
Director and other unclassified—6.0 FTE positions .....	\$ 581,500
Community health advisory council .....	28,900
Departmental administration and management—265.5 FTE positions ...	23,490,400
Certificate of need program administration—10.0 FTE positions ...	944,800
Worker's compensation program .....	9,550,700
Rent and building occupancy .....	8,300,100
Developmental disabilities council and projects—10.0 FTE positions...	2,743,600
Rural health services .....	1,377,900
Michigan essential health care provider program .....	1,391,700
Primary care services—1.4 FTE positions .....	2,790,100
GROSS APPROPRIATION .....	\$ 51,199,700

#### Appropriated from:

Interdepartmental grant revenues:	
Interdepartmental grant from the department of treasury, Michigan state hospital finance authority .....	101,600
Federal revenues:	
Total federal revenues .....	15,706,000
Special revenue funds:	
Total private revenues .....	185,900
Total other state restricted revenues .....	1,580,000
State general fund/general purpose .....	\$ 33,626,200

### Mental health/substance abuse services administration and special projects.

#### Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Full-time equated classified positions .....	83.3
Mental health/substance abuse program administration—83.3 FTE positions .....	\$ 9,135,900
Consumer involvement program .....	189,100
Gambling addiction .....	3,500,000
Protection and advocacy services support .....	777,400
Mental health initiatives for older persons .....	1,349,200

	For Fiscal Year Ending Sept. 30, 2004
Community residential and support services .....	\$ 3,838,200
Highway safety projects .....	1,837,200
Federal and other special projects .....	1,977,200
GROSS APPROPRIATION .....	\$ 22,604,200
Federal revenues:	
Total federal revenues .....	6,169,100
Special revenue funds:	
Total private revenues .....	190,000
Total other state restricted revenues .....	3,682,300
State general fund/general purpose .....	\$ 12,562,800

**Community mental health/substance abuse service programs.**

**Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

Full-time equated classified positions .....	2.5
Medicaid mental health services .....	\$ 1,372,625,900
Community mental health non-Medicaid services .....	328,394,100
Medicaid adult benefits waiver .....	40,000,000
Multicultural services .....	3,663,800
Medicaid substance abuse services .....	27,788,900
Respite services .....	1,000,000
CMHSP, purchase of state services contracts .....	97,115,800
Civil service charges .....	2,065,500
Federal mental health block grant—2.5 FTE positions .....	15,317,400
State disability assistance program substance abuse services .....	2,509,800
Community substance abuse prevention, education and treatment programs .....	80,548,400
GROSS APPROPRIATION .....	\$ 1,971,029,600
Appropriated from:	
Federal revenues:	
Total federal revenues .....	917,992,600
Special revenue funds:	
Total local revenues .....	26,000,000
Total other state restricted revenues .....	3,042,400
State general fund/general purpose .....	\$ 1,023,994,600

**State psychiatric hospitals, centers for persons with developmental disabilities, and forensic and prison mental health services.**

**Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

Total average population .....	995.0
Full-time equated classified positions .....	3,060.4
Caro regional mental health center - psychiatric hospital - adult—409.2 FTE positions .....	\$ 36,376,400
Average population .....	167.0
Kalamazoo psychiatric hospital - adult—317.9 FTE positions .....	20,568,200
Average population .....	115.0



	For Fiscal Year Ending Sept. 30, 2004
Walter P. Reuther psychiatric hospital - adult—452.0 FTE positions... \$	38,718,800
Average population.....244.0	
Hawthorn center - psychiatric hospital - children and adolescents—242.6 FTE positions .....	20,370,500
Average population.....80.0	
Mount Pleasant center - developmental disabilities— 428.1 FTE positions.....	29,107,100
Average population.....164.0	
Center for forensic psychiatry—495.0 FTE positions .....	41,785,400
Average population.....225.0	
Forensic mental health services provided to the department of corrections—704.6 FTE positions .....	68,120,600
Revenue recapture .....	750,000
IDEA, federal special education .....	120,000
Special maintenance and equipment .....	335,300
Purchase of medical services for residents of hospitals and centers	1,358,200
Closed site, transition, and related costs—11.0 FTE positions.....	1,067,200
Severance pay .....	216,900
Gifts and bequests for patient living and treatment environment....	500,000
GROSS APPROPRIATION..... \$	259,394,600
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	68,120,600
Federal revenues:	
Total federal revenues .....	30,004,900
Special revenue funds:	
CMHSP, purchase of state services contracts .....	97,115,800
Other local revenues .....	15,228,300
Total private revenues.....	500,000
Total other state restricted revenues .....	7,034,600
State general fund/general purpose .....	\$ 41,390,400

### **Public health administration.**

#### **Sec. 106. PUBLIC HEALTH ADMINISTRATION**

Full-time equated classified positions .....	76.3
Executive administration—7.0 FTE positions .....	\$ 1,014,300
Minority health grants and contracts .....	650,000
Vital records and health statistics—69.3 FTE positions.....	6,141,700
GROSS APPROPRIATION..... \$	7,806,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from family independence agency .....	447,800
Federal revenues:	
Total federal revenues.....	2,045,100
Special revenue funds:	
Total other state restricted revenues .....	2,963,400
State general fund/general purpose .....	\$ 2,349,700

For Fiscal Year  
Ending Sept. 30,  
2004

**Infectious disease control.**

**Sec. 107. INFECTIOUS DISEASE CONTROL**

Full-time equated classified positions .....	51.3		
AIDS prevention, testing, and care programs—13.0 FTE positions....		\$	29,158,600
Immunization local agreements .....			13,990,300
Immunization program management and field support—			
14.0 FTE positions.....			1,582,100
Sexually transmitted disease control local agreements.....			3,494,900
Sexually transmitted disease control management and field			
support—24.3 FTE positions.....			3,377,100
GROSS APPROPRIATION .....		\$	<u>51,603,000</u>
Appropriated from:			
Federal revenues:			
Total federal revenues .....			37,593,000
Special revenue funds:			
Total private revenues.....			1,847,000
Total other state restricted revenues .....			7,550,000
State general fund/general purpose .....		\$	4,613,000

**Laboratory services.**

**Sec. 108. LABORATORY SERVICES**

Full-time equated classified positions .....	115.2		
Laboratory services—115.2 FTE positions .....		\$	12,091,600
GROSS APPROPRIATION .....		\$	<u>12,091,600</u>
Appropriated from:			
Interdepartmental grant revenues:			
Interdepartmental grant from environmental quality.....			392,100
Federal revenues:			
Total federal revenues .....			2,040,100
Special revenue funds:			
Total other state restricted revenues .....			3,131,300
State general fund/general purpose .....		\$	6,528,100

**Epidemiology.**

**Sec. 109. EPIDEMIOLOGY**

Full-time equated classified positions .....	90.0		
AIDS surveillance and prevention program.....		\$	1,883,100
Asthma prevention and control.....			1,032,300
Bioterrorism preparedness—59.5 FTE positions .....			50,579,900
Epidemiology administration—30.5 FTE positions.....			5,375,700
Tuberculosis control and recalcitrant AIDS program .....			867,000
GROSS APPROPRIATION .....		\$	<u>59,738,000</u>
Appropriated from:			
Federal revenues:			
Total federal revenues .....			57,619,600
Special revenue funds:			
Total other state restricted revenues .....			179,000
State general fund/general purpose .....		\$	1,939,400

For Fiscal Year  
Ending Sept. 30,  
2004

### Local health administration and grants.

#### Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS

Full-time equated classified positions .....	3.0	
Implementation of 1993 PA 133, MCL 333.17015 .....		\$ 100,000
Lead abatement program—3.0 FTE positions.....		1,550,200
Local health services.....		220,000
Local public health operations.....		40,618,400
Medical services cost reimbursement to local health departments...		1,800,000
GROSS APPROPRIATION .....		\$ 44,288,600
Appropriated from:		
Federal revenues:		
Total federal revenues .....		3,249,100
Special revenue funds:		
Total other state restricted revenues .....		344,600
State general fund/general purpose .....		\$ 40,694,900

### Chronic disease and injury prevention and health promotion.

#### Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Full-time equated classified positions .....	41.6	
African-American male health initiative .....		\$ 106,700
AIDS and risk reduction clearinghouse and media campaign.....		1,576,000
Alzheimer's information network .....		440,000
Cancer prevention and control program—10.6 FTE positions .....		11,043,100
Chronic disease prevention.....		1,622,400
Diabetes and kidney program—8.0 FTE positions .....		2,953,900
Health education, promotion, and research programs—		
11.0 FTE positions.....		1,038,800
Injury control intervention project .....		714,900
Morris Hood Wayne State University diabetes outreach.....		250,000
Obesity program .....		250,000
Physical fitness, nutrition, and health .....		100,000
Public health traffic safety coordination.....		350,000
School health and education programs .....		500,000
Smoking prevention program—12.0 FTE positions.....		4,852,700
Tobacco tax collection and enforcement.....		810,000
Violence prevention.....		1,446,900
GROSS APPROPRIATION .....		\$ 28,055,400
Appropriated from:		
Federal revenues:		
Total federal revenues .....		15,493,200
Special revenue funds:		
Total other state restricted revenues .....		9,891,800
State general fund/general purpose .....		\$ 2,670,400

For Fiscal Year  
Ending Sept. 30,  
2004

**Community living, children, and families.**

**Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES**

Full-time equated classified positions .....	72.0	
Childhood lead program—5.0 FTE positions .....		\$ 1,470,700
Children’s waiver home care program.....		19,549,800
Community living, children, and families administration—60.0 FTE positions.....		7,074,100
Dental programs .....		485,400
Dental program for persons with developmental disabilities.....		151,000
Early childhood collaborative secondary prevention .....		524,000
Family planning local agreements .....		11,318,100
Family support subsidy .....		15,593,500
Housing and support services .....		5,579,300
Local MCH services .....		13,050,200
Migrant health care.....		200,000
Newborn screening follow-up and treatment services.....		2,428,000
Omnibus budget reconciliation act implementation—7.0 FTE positions.....		12,770,500
Pediatric AIDS prevention and control.....		1,026,300
Pregnancy prevention program .....		5,846,100
Prenatal care outreach and service delivery support .....		3,049,300
Southwest community partnership .....		996,700
Special projects .....		5,274,500
Sudden infant death syndrome program.....		321,300
GROSS APPROPRIATION.....		\$ 106,708,800
Appropriated from:		
Federal revenues:		
Total federal revenues .....		76,378,000
Special revenue funds:		
Total private revenues.....		261,100
Total other state restricted revenues.....		10,540,000
State general fund/general purpose .....		\$ 19,529,700

**Women, infants, and children food and nutrition programs.**

**Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAMS**

Full-time equated classified positions .....	41.0	
Women, infants, and children program administration and special projects—41.0 FTE positions.....		5,600,100
Women, infants, and children program local agreements and food costs.....		181,392,100
GROSS APPROPRIATION.....		\$ 186,992,200
Appropriated from:		
Federal revenues:		
Total federal revenues .....		136,644,900
Special revenue funds:		
Total private revenues.....		50,347,300
State general fund/general purpose .....		\$ 0

For Fiscal Year  
Ending Sept. 30,  
2004

### **Children's special health care services.**

#### **Sec. 114. CHILDREN'S SPECIAL HEALTH CARE**

##### **SERVICES**

Full-time equated classified positions .....	66.6		
Children's special health care services administration—			
66.6 FTE positions.....		\$	4,478,800
Amputee program .....			184,600
Bequests for care and services.....			1,829,600
Case management services.....			3,773,500
Conveyor contract .....			513,500
Medical care and treatment.....			129,465,100
GROSS APPROPRIATION.....		\$	140,245,100
Appropriated from:			
Federal revenues:			
Total federal revenues.....			69,387,200
Special revenue funds:			
Total private revenues.....			1,000,000
Total other state restricted revenues.....			650,000
State general fund/general purpose .....		\$	69,207,900

### **Office of drug control policy.**

#### **Sec. 115. OFFICE OF DRUG CONTROL POLICY**

Full-time equated classified positions .....	17.0		
Drug control policy—17.0 FTE positions.....		\$	1,973,400
Anti-drug abuse grants .....			26,859,200
Interdepartmental grant to judiciary for drug treatment courts.....			1,800,000
GROSS APPROPRIATION.....		\$	30,632,600
Appropriated from:			
Federal revenues:			
Total federal revenues.....			30,246,600
State general fund/general purpose .....		\$	386,000

### **Crime victim services commission.**

#### **Sec. 116. CRIME VICTIM SERVICES COMMISSION**

Full-time equated classified positions .....	9.0		
Grants administration services—9.0 FTE positions .....		\$	1,080,500
Justice assistance grants .....			13,000,000
Crime victim rights services grants.....			8,265,300
GROSS APPROPRIATION.....		\$	22,345,800
Appropriated from:			
Federal revenues:			
Total federal revenues.....			13,946,900
Special revenue funds:			
Total other state restricted revenues.....			7,984,400
State general fund/general purpose .....		\$	414,500

For Fiscal Year  
Ending Sept. 30,  
2004

**Office of services to the aging.**

**Sec. 117. OFFICE OF SERVICES TO THE AGING**

Full-time equated classified positions .....	32.5	
Commission (per diem \$50.00).....		\$ 10,500
Office of services to aging administration—32.5 FTE positions.....		4,167,800
Community services.....		35,286,100
Nutrition services.....		38,191,200
Senior volunteer services.....		5,645,900
Senior citizen centers staffing and equipment .....		1,068,700
Employment assistance .....		2,818,300
Respite care program .....		7,100,000
GROSS APPROPRIATION.....		\$ 94,288,500
Appropriated from:		
Federal revenues:		
Total federal revenues.....		52,094,300
Special revenue funds:		
Tobacco settlement revenue .....		5,000,000
Total other state restricted revenues.....		2,267,000
State general fund/general purpose .....		\$ 34,927,200

**Medical services administration.**

**Sec. 118. MEDICAL SERVICES ADMINISTRATION**

Full-time equated classified positions .....	333.7	
Medical services administration—333.7 FTE positions.....		\$ 39,319,900
Facility inspection contract - state police .....		132,800
MICchild administration .....		4,327,800
GROSS APPROPRIATION.....		\$ 43,780,500
Appropriated from:		
Federal revenues:		
Total federal revenues.....		29,512,300
Special revenue funds:		
State general fund/general purpose .....		\$ 14,268,200

**Medical services.**

**Sec. 119. MEDICAL SERVICES**

Hospital services and therapy.....		\$ 892,626,500
Hospital disproportionate share payments.....		45,000,000
Physician services.....		227,166,200
Medicare premium payments .....		172,663,700
Pharmaceutical services .....		517,225,600
Home health services.....		36,401,400
Transportation.....		8,538,300
Auxiliary medical services .....		88,195,600
Ambulance services.....		5,000,000
Long-term care services.....		1,626,345,000
Elder prescription insurance coverage.....		68,011,800

	For Fiscal Year Ending Sept. 30, 2004
Health plan services.....	\$ 1,549,361,500
MICchild program.....	36,875,600
Medicaid adult benefits waiver.....	178,707,600
Maternal and child health.....	9,234,500
Social services to the physically disabled.....	1,344,900
Subtotal basic medical services program.....	5,462,698,200
School-based services.....	69,159,500
Special adjustor payments.....	791,338,100
Subtotal special medical services payments.....	860,497,600
GROSS APPROPRIATION.....	\$ 6,323,195,800
Appropriated from:	
Federal revenues:	
Total federal revenues.....	3,734,905,000
Special revenue funds:	
Total local revenues.....	673,912,000
Total private revenues.....	3,512,700
Tobacco settlement revenue.....	93,000,000
Total other state restricted revenues.....	576,773,700
State general fund/general purpose.....	\$ 1,241,092,400

**Information technology.**

**Sec. 120. INFORMATION TECHNOLOGY**

Information technology services and projects.....	\$ 30,616,000
GROSS APPROPRIATION.....	\$ 30,616,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	142,700
Federal revenues:	
Total federal revenues.....	17,304,200
Special revenue funds:	
Total other state restricted revenues.....	1,793,800
State general fund/general purpose.....	\$ 11,375,300

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

**Total state spending; payments to local units of government.**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$3,298,979,000.00 and state spending from state resources to be paid to units of local government for fiscal

year 2003-2004 is \$1,042,260,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF COMMUNITY HEALTH	
DEPARTMENTWIDE ADMINISTRATION	
Departmental administration and management.....	\$ 11,657,700
Rural health services .....	35,000
MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
ADMINISTRATION AND SPECIAL PROJECTS	
Mental health initiatives for older persons .....	1,049,200
COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
SERVICES PROGRAMS	
State disability assistance program substance abuse services .....	2,509,800
Community substance abuse prevention, education, and treatment	
programs .....	19,133,500
Medicaid mental health services .....	575,692,600
Community mental health non-Medicaid services .....	328,394,100
Multicultural services .....	3,663,800
Medicaid substance abuse services.....	11,652,900
Respite services .....	1,000,000
INFECTIOUS DISEASE CONTROL	
AIDS prevention, testing and care programs .....	1,466,800
Immunization local agreements .....	2,973,900
Sexually transmitted disease control local agreements.....	406,100
LOCAL HEALTH ADMINISTRATION AND GRANTS	
Local public health operations.....	40,618,400
CHRONIC DISEASE AND INJURY PREVENTION AND	
HEALTH PROMOTION	
School health and education programs .....	500,000
Smoking prevention program.....	1,898,400
COMMUNITY LIVING, CHILDREN, AND FAMILIES	
Childhood lead program .....	85,000
Family planning local agreements.....	1,142,200
Local MCH services .....	246,100
Omnibus budget reconciliation act implementation .....	2,030,800
Prenatal care outreach and service delivery support.....	610,000
CHILDREN'S SPECIAL HEALTH CARE SERVICES	
Case management services.....	3,169,900
MEDICAL SERVICES	
Transportation.....	1,175,300
OFFICE OF SERVICES TO THE AGING	
Community services .....	12,530,300
Nutrition services.....	12,439,500
Senior volunteer services.....	517,500
CRIME VICTIM SERVICES COMMISSION	
Crime victim rights services grants.....	5,661,300
TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT... \$	1,042,260,100



**Appropriations subject to MCL 18.1101 to 18.1594.**

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

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

**Definitions.**

Sec. 203. As used in this act:

- (a) "AIDS" means acquired immunodeficiency syndrome.
- (b) "CMHSP" means a community mental health services program as that term is defined in section 100a of the mental health code, 1974 PA 258, MCL 330.1100a.
- (c) "Disease management" means a comprehensive system that incorporates the patient, physician, and health plan into 1 system with the common goal of achieving desired outcomes for patients.
- (d) "Department" means the Michigan department of community health.
- (e) "DSH" means disproportionate share hospital.
- (f) "EPIC" means elder prescription insurance coverage program.
- (g) "EPSDT" means early and periodic screening, diagnosis, and treatment.
- (h) "FTE" means full-time equated.
- (i) "GME" means graduate medical education.
- (j) "Health plan" means, at a minimum, an organization that meets the criteria for delivering the comprehensive package of services under the department's comprehensive health plan.
- (k) "HMO" means health maintenance organization.
- (l) "IDEA" means individual disability education act.
- (m) "IDG" means interdepartmental grant.
- (n) "MCH" means maternal and child health.
- (o) "MIChild" means the program described in section 1670.
- (p) "MSS/ISS" means maternal and infant support services.
- (q) "Specialty prepaid health plan" means a program described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.
- (r) "Title XVIII" means title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and 1395bbb to 1395ggg.
- (s) "Title XIX" means title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to 1396v.
- (t) "Title XX" means title XX of the social security act, chapter 531, 49 Stat. 620, 49 U.S.C. 1397 to 1397f.
- (u) "WIC" means women, infants, and children supplemental nutrition program.

**Billing by department of civil service; payments.**

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

**Hiring freeze; exceptions; report.**

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining the vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

**Privatization; project plan.**

Sec. 207. Sixty days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

**Transmission of reports; use of Internet.**

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

**Purchase of foreign goods or services.**

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

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced and comparable quality Michigan goods or services, or both, are available.

**Businesses in deprived and depressed communities; contracts to provide services or supplies.**

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

(2) The director shall take all reasonable steps to ensure equal opportunity for all who compete for and perform contracts to provide services or supplies, or both, for the department. The director shall strongly encourage firms with which the department contracts to provide equal opportunity for subcontractors to provide services or supplies, or both.

**Carrying forward excess revenue; use.**

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

**Maternal and child health block grant; preventive health and health services block grant; substance abuse block grant; healthy Michigan fund; and Michigan health initiative funds.**

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

(a) Maternal and child health block grant .....	\$	21,714,000
(b) Preventive health and health services block grant .....		4,982,500
(c) Substance abuse block grant.....		60,095,600
(d) Healthy Michigan fund .....		56,617,100
(e) Michigan health initiative.....		9,060,200

(2) On or before February 1, 2004, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2004-2005 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2004-2005 executive budget proposal.

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

**Departments, agencies, and commissions receiving tobacco tax funds; report.**

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by January 1, 2004, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

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

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

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

(d) Outcome measures to be used to evaluate programs.

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

**State-restricted tobacco tax revenue; use for lobbying prohibited.**

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

**Satisfaction of appropriation deductions.**

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

(2) The department's ability to satisfy appropriation deductions in part 1 shall not be limited to collections and accruals pertaining to services provided in fiscal year 2003-2004, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2004 to the house of representatives and senate appropriations subcommittees on community health on all reimbursements, refunds, adjustments, and settlements from prior years.

**Basic health services.**

Sec. 218. Basic health services for the purpose of part 23 of the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immunizations, communicable disease control, sexually transmitted disease control, tuberculosis control, prevention of gonorrhea eye infection in newborns, screening newborns for the 8 conditions listed in section 5431(1)(a) through (h) of the public health code, 1978 PA 368, MCL 333.5431, community health annex of the Michigan emergency management plan, and prenatal care.

**Michigan public health institute; contract for design and implementation of projects; master agreement; report.**

Sec. 219. (1) The department may contract with the Michigan public health institute for the design and implementation of projects and for other public health related activities prescribed in section 2611 of the public health code, 1978 PA 368, MCL 333.2611. The department may develop a master agreement with the institute to carry out these purposes for up to a 3-year period. The department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before November 1, 2003 and May 1, 2004 all of the following:

(a) A detailed description of each funded project.

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

(c) The expected project duration.

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

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

(3) On or before September 30, 2004, the department shall provide to the same parties listed in subsection (1) a copy of all reports, studies, and publications produced by the Michigan public health institute, its subcontractors, or the department with the funds appropriated in part 1 and allocated to the Michigan public health institute.

### **Contracts with Michigan public health institute; audit.**

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

### **Publications, videos and related materials, workshops, and conferences; fees.**

Sec. 223. The department of community health may establish and collect fees for publications, videos and related materials, conferences, and workshops. Collected fees shall be used to offset expenditures to pay for printing and mailing costs of the publications, videos and related materials, and costs of the workshops and conferences. The costs shall not exceed fees collected.

### **Technology-related services and projects; user fees.**

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

### **Carrying forward amounts as work projects.**

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of community health projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

### **Legislative transfers.**

Sec. 262. (1) The department shall provide the members of the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies with a written explanation for all legislative transfers upon submission of the request for legislative transfer by the department of management and budget. The explanation should include reasons for not fully expending appropriated funds which shall include references to boilerplate language expressing intent for program implementation, if applicable, and transfers requested for work projects.

(2) The department shall provide an annual report of lapses by line item for this appropriation act.

### **Medicaid waiver, Medicaid state plan amendment, or similar proposal; notification of submission.**

Sec. 264. Upon submission of a Medicaid waiver, a Medicaid state plan amendment, or a similar proposal to the centers for Medicare and Medicaid services, the department shall

notify the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies of the submission.

**Receipt and retention of reports.**

Sec. 265. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

**DEPARTMENTWIDE ADMINISTRATION**

**Payments in lieu of worker's compensation payments.**

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

**First-party payment for mental health services.**

Sec. 303. The department is prohibited from requiring first-party payment from individuals or families with a taxable income of \$10,000.00 or less for mental health services for determinations made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

**Loan repayment for dentists.**

Sec. 304. The funds appropriated in part 1 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

**Primary care services by multicultural agencies.**

Sec. 305. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1.

**Federally qualified health centers.**

Sec. 307. From the funds appropriated in part 1 for primary care services, an amount not to exceed \$2,790,100.00 is appropriated to enhance the service capacity of the federally qualified health centers and other health centers which are similar to federally qualified health centers.

**Compulsive gambling.**

Sec. 313. By November 1, 2003, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on activities undertaken by the department to address compulsive gambling.

**MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS****Contracts with organizations providing legal services.**

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

**COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS****Services of CMHSPs or specialty prepaid health plan.**

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or specialty prepaid health plans. The department shall ensure that each CMHSP or specialty prepaid health plan provides all of the following:

- (a) A system of single entry and single exit.
- (b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.
- (c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.
- (d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's or specialty prepaid health plan's program or through assistance with locating and obtaining services to meet these needs.
- (e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.
- (f) A system of continuous quality improvement.
- (g) A system to monitor and evaluate the mental health services provided.
- (h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

**Contracts between department and CMHSPs or specialty prepaid health plans.**

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or specialty prepaid health plans shall be made upon the execution of contracts between the department and CMHSPs or specialty prepaid health plans. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and

responsibilities of both parties to the contracts. Each contract with a CMHSP or specialty prepaid health plan that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs or specialty prepaid health plans entered into under this subsection for fiscal year 2003-2004 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

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

(a) Any new contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

(b) Any amendments to contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

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

### **Contracts with multicultural services providers.**

Sec. 403. From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs or specialty prepaid health plans continue contracts with multicultural services providers.

### **Community mental health services programs; report.**

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

(2) The report shall contain information for each CMHSP or specialty prepaid health plan and a statewide summary, each of which shall include at least the following information:

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

(b) When the encounter data is available, a breakdown of clients served, by diagnosis. As used in this subdivision, "diagnosis" means a recipient's primary diagnosis, stated as a specifically named mental illness, emotional disorder, or developmental disability corresponding to terminology employed in the latest edition of the American psychiatric association's diagnostic and statistical manual.

(c) Per capita expenditures by client population group.

(d) Financial information which, minimally, shall include a description of funding authorized; expenditures by client group and fund source; and cost information by service category, including administration. Service category shall include all department approved services.

(e) Data describing service outcomes which shall include, but not be limited to, an evaluation of consumer satisfaction, consumer choice, and quality of life concerns including, but not limited to, housing and employment.



(f) Information about access to community mental health services programs which shall include, but not be limited to, the following:

(i) The number of people receiving requested services.

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

(iii) The number of people requesting services who are on waiting lists for services.

(iv) The average length of time that people remained on waiting lists for services.

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

(h) An analysis of information provided by community mental health service programs in response to the needs assessment requirements of the mental health code, including information about the number of persons in the service delivery system who have requested and are clinically appropriate for different services.

(i) An estimate of the number of FTEs employed by the CMHSPs or specialty prepaid health plans or contracted with directly by the CMHSPs or specialty prepaid health plans as of September 30, 2003 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 2003.

(j) Lapses and carryforwards during fiscal year 2002-2003 for CMHSPs or specialty prepaid health plans.

(k) Contracts for mental health services entered into by CMHSPs or specialty prepaid health plans with providers, including amount and rates, organized by type of service provided.

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

(i) Expenditures by each CMHSP or specialty prepaid health plan organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs or specialty prepaid health plans.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP or specialty prepaid health plan.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs or specialty prepaid health plans.

### **Payments to direct care workers.**

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded to the community mental health services programs for direct care workers in local residential settings and for paraprofessional and other nonprofessional direct care workers in day programs, supported employment, and other vocational programs shall continue to be paid to direct care workers.

### **State disability assistance substance abuse services program.**

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

(2) The department shall reimburse all licensed substance abuse programs eligible to participate in the program at a rate equivalent to that paid by the family independence agency to adult foster care providers. Programs accredited by department-approved accrediting organizations shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

### **Substance abuse coordinating agencies.**

Sec. 407. (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies or designated service providers. It is the intent of the legislature that the coordinating agencies and designated service providers work with the CMHSPs or specialty prepaid health plans to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. Any changes in the fee schedule shall be developed by the department with input from substance abuse coordinating agencies.

### **Data from substance abuse prevention, education, and treatment programs; report to legislature.**

Sec. 408. (1) By April 15, 2004, the department shall report the following data from fiscal year 2002-2003 on substance abuse prevention, education, and treatment programs to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget office:

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

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

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

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

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

### **Child care services; funding; priority.**

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

### **Substance abuse treatment as condition for public assistance.**

Sec. 410. The department shall assure that substance abuse treatment is provided to applicants and recipients of public assistance through the family independence agency who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.

**Jail diversion services.**

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

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

**Salvation Army harbor light program; contract to provide non-Medicaid substance abuse services.**

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2002-2003.

**Managed care plan for specialized substance abuse services; reimbursement.**

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs or specialty prepaid health plans pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected CMHSPs or specialty prepaid health plans shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected CMHSPs or specialty prepaid health plans shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs or specialty prepaid health plans that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

**Medicaid managed mental health care program.**

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to the CMHSPs or specialty prepaid health plans to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP or specialty prepaid health plan, per capita rate paid for each eligibility group for each CMHSP or specialty prepaid health plan, and number of cases in each eligibility group for each CMHSP or specialty prepaid health plan, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

**Substance abuse prevention, education, and treatment programs; coordination and delivery.**

Sec. 423. The department shall work cooperatively with the family independence agency and the departments of corrections, education, state police, and military and veterans affairs to coordinate and improve the delivery of substance abuse prevention, education, and treatment programs within existing appropriations. The department shall report by March 15, 2004 on the outcomes of this cooperative effort to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

**Claims processing and payment procedure.**

Sec. 424. Each community mental health services program or specialty prepaid health plan that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A “clean claim” as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the community mental health services program or specialty prepaid health plan. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A community mental health services program or specialty prepaid health plan must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The community mental health services program or specialty prepaid health plan shall pay the claim within 30 days after the defect is corrected.

**Mental health and substance abuse services; report on services to prisoners.**

Sec. 425. By April 1, 2004, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2002-2003 on mental health and substance abuse services to the house of representatives and senate appropriations subcommittees on community health and corrections, the house and senate fiscal agencies, and the state budget office:

(a) The number of prisoners receiving substance abuse services which shall include a description and breakdown on the type of substance abuse services provided to prisoners.

(b) The number of prisoners receiving mental health services which shall include a description and breakdown on the type of mental health services provided to prisoners.

(c) Data indicating if prisoners receiving mental health services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

**CMHSP capitation rates; increase.**

Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs.

(2) The distribution of the aforementioned increases in the capitation payment rates, if any, shall be based on a formula developed by a committee established by the department, including representatives from CMHSPs or affiliations of CMHSPs and department staff.

### **Mental health services; matching funds.**

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2003.

### **Placement of persons with mental illness in community residential settings; pilot project.**

Sec. 439. (1) It is the intent of the legislature that the department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings.

(2) The purpose of the pilot projects is to encourage the placement of persons with mental illness in community residential settings who may require any of the following:

- (a) A secured and supervised living environment.
- (b) Assistance in taking prescribed medications.
- (c) Intensive case management services.
- (d) Assertive community treatment team services.
- (e) Alcohol or substance abuse treatment and counseling.
- (f) Individual or group therapy.
- (g) Day or partial day programming activities.
- (h) Vocational, educational, or self-help training or activities.
- (i) Other services prescribed to treat a person's mental illness to prevent the need for hospitalization.

(3) The pilot projects described in this section shall be completely voluntary.

(4) The department shall provide semiannual reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities undertaken by the department and CMHSPs for pilot projects implemented under this section.

### **Medicaid adult benefits waiver program.**

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(2) The department shall assure that persons eligible for mental health services under the priority population sections of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive mandated services under this plan.

(3) Capitation payments to CMHSPs or specialty prepaid health plans for persons who become enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall report quarterly to the senate and house of representatives appropriations subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs or specialty prepaid health plans.

(5) In the waiver renewal application the department submits to the centers for Medicare and Medicaid services for continuation of the state's 1915(b) specialty services waiver, the department will request that the amount of savings that may be retained by a specialty prepaid health plan be changed from 5% to 7.5% of aggregate capitation payments. If the department is unable to secure centers for Medicare and Medicaid services approval for this change, the department shall allow specialty prepaid health plans and their affiliate CMHSP members to retain 50% of the unspent general fund/general purpose portion of the funds allocated to the specialty prepaid health plan for services to be provided under the Medicaid specialty services waiver. Any such general fund/general purpose portion retained by the specialty prepaid health plan and its CMHSP affiliates under this section shall be considered as state revenues for purposes of determining the amount of state funds that the CMHSP may carry forward under section 226(2)(c) of the mental health code, 1974 PA 258, MCL 330.1226.

### **Streamlining audit and reporting requirements; work group to recommend strategies.**

Sec. 450. The department shall establish a work group comprised of CMHSPs or specialty prepaid health plans and departmental staff to recommend strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans. The department shall report on the recommendations of the work group by March 31, 2004 to the house of representatives and senate appropriations subcommittees on community health, the house fiscal agency, the senate fiscal agency, and the state budget director.

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

### **Third-party payments.**

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

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

**Gifts and bequests donations.**

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$500,000.00 remaining on September 30, 2004 from pay telephone revenues and the amounts appropriated in part 1 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state-operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

**Forensic mental health services.**

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

**CMHSPs or specialty prepaid health plans; semiannual reports.**

Sec. 604. (1) The CMHSPs or specialty prepaid health plans shall provide semiannual reports to the department on the following information:

- (a) The number of days of care purchased from state hospitals and centers.
  - (b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.
  - (c) The number and type of alternative placements to state hospitals and centers other than private hospitals.
  - (d) Waiting lists for placements in state hospitals and centers.
- (2) The department shall semiannually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

**Closures or consolidations of state hospitals, centers, or agencies.**

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

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

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

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

**Placement costs in state hospitals and centers; reimbursement from first- and third-party payers.**

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid, to cover the cost of placement in state hospitals and centers. The department is authorized to adjust financing sources for patient reimbursement based on actual revenues earned. If the revenue collected exceeds current year expenditures, the revenue may be carried forward with approval of the state budget director. The revenue carried forward shall be used as a first source of funds in the subsequent year.

**INFECTIOUS DISEASE CONTROL**

**AIDS programs; priority to adolescents for prevention, education, and outreach services.**

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

**Consortium of health care providers; Michigan state medical society as lead agency.**

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

**AIDS drug assistance program.**

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications.

**EPIDEMIOLOGY**

Sec. 853. From the funds appropriated in part 1 for bioterrorism preparedness, up to \$1,000,000.00, as allowed by federal law and regulations, shall be allocated for bioterrorism preparedness and response services to a multispecies laboratory and necropsy facility located in this state that is certified by the United States department of agriculture animal, plant, health inspection service, with a biosafety level 2/3 certification.

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**Compiler's note:** The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."



**LOCAL HEALTH ADMINISTRATION AND GRANTS****Implementation of MCL 333.17015; costs.**

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

**Dissolution of health department or arrangement; penalty.**

Sec. 902. If a county that has participated in a district health department or an associated arrangement with other local health departments takes action to cease to participate in such an arrangement after October 1, 2003, the department shall have the authority to assess a penalty from the local health department's operational accounts in an amount equal to no more than 5% of the local health department's local public health operations funding. This penalty shall only be assessed to the local county that requests the dissolution of the health department.

**Lead abatement program.**

Sec. 903. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report shall include, but is not limited to, a funding allocation schedule, expenditures by category of expenditure and by subcontractor, revenues received, description of program elements, and description of program accomplishments and progress.

**Allocation to local health departments for certain services.**

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

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

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2003-2004 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2004, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

**CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION****Breast, cervical, prostate, and colorectal cancer; promotion media activities.**

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

**Michigan model or another school health education curriculum; state steering committee; pupil or parental examination of materials or test questions.**

Sec. 1002. (1) Provision of the school health education curriculum, such as the Michigan model or another comprehensive school health education curriculum, shall be in accordance with the health education goals established by the Michigan model for the comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The department of community health.
- (c) The health administration in the department of community health.
- (d) The bureau of mental health and substance abuse services in the department of community health.
- (e) The family independence agency.
- (f) The department of state police.

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

**Alzheimer's disease; information network.**

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

**Smoking prevention programs; priority.**

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

**Violence prevention.**

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

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

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

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

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

### **Kidney disease prevention.**

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

### **Osteoporosis prevention and treatment education.**

Sec. 1010. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for osteoporosis prevention and treatment education.

### **Stroke prevention, education, and outreach.**

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

### **Childhood and adult arthritis program.**

Sec. 1020. From the funds appropriated in part 1 for chronic disease prevention, \$105,000.00 shall be allocated for a childhood and adult arthritis program.

### **African-American male health initiative.**

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

## **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

### **Women, infants, and children food supplement program; family planning; prenatal care outreach and service delivery support program.**

Sec. 1101. The department shall review the basis for the distribution of funds to local health departments and other public and private agencies for the women, infants, and children food supplement program; family planning; and prenatal care outreach and service delivery support program and indicate the basis upon which any projected underexpenditures by local public and private agencies shall be reallocated to other local agencies that demonstrate need.

**Local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs; report on allocations.**

Sec. 1104. Before April 1, 2004, the department shall submit a report to the house and senate fiscal agencies and the state budget director on planned allocations from the amounts appropriated in part 1 for local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs. Using applicable federal definitions, the report shall include information on all of the following:

- (a) Funding allocations.
- (b) Actual number of women, children, and/or adolescents served and amounts expended for each group for the fiscal year 2002-2003.

**Evaluation of agencies; factors.**

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

**Family planning programs; compliance with performance and quality assurance indicators.**

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

**Abstinence education.**

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

- (a) Teaches the gains to be realized by abstaining from sexual activity.
- (b) Teaches abstinence from sexual activity outside of marriage as the expected standard for all school-age children.
- (c) Teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems.
- (d) Teaches that a monogamous relationship in the context of marriage is the expected standard of human sexual activity.
- (e) Teaches that sexual activity outside of marriage is likely to have harmful effects.
- (f) Teaches that bearing children out of wedlock is likely to have harmful consequences.
- (g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.
- (h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

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

(3) Programs and organizations that meet the guidelines of subsection (1) and criteria of subsection (2) shall have the option of receiving all or part of their funds directly from the department of community health.

### **Local administration, data processing, and evaluation; expenditure.**

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

### **Abortion counseling, referrals, or services.**

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

### **Volunteer dental program.**

Sec. 1109. (1) Subject to subsection (3), from the amounts appropriated in part 1 for dental programs, funds shall be allocated to the Michigan dental association for the administration of a volunteer dental program that would provide dental services to the uninsured in an amount that is no less than the amount allocated to that program in fiscal year 1996-1997.

(2) Not later than December 1 of the current fiscal year, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2003.

(3) As a condition to receiving the allocation of the funds described in subsection (1), the Michigan dental association shall provide a report to the senate and house subcommittees on community health and the senate and house fiscal agencies documenting the Michigan dental association's efforts to increase its membership's participation as Medicaid providers. This report shall be provided no later than December 1, 2003.

### **Agencies receiving pregnancy prevention funds; designation as delegate agencies.**

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

### **Direct provision of family planning/pregnancy prevention services.**

Sec. 1111. The department shall allocate no less than 87% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

**Communities with high infant mortality rates; allocation.**

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

**Fetal infant mortality review network.**

Sec. 1124. (1) From the funds appropriated in part 1 from the federal maternal and child health block grant, \$450,000.00 shall be allocated if additional block grant funds are available for the statewide fetal infant mortality review network.

(2) It is the intent of the legislature that this project shall be funded with a like amount in fiscal year 2004-2005 should federal funds become available.

**Migrant health care; use of federal Medicaid funds.**

Sec. 1128. The department shall make every effort to maximize the receipt of federal Medicaid funds to support the activities of the migrant health care line item.

**Children with elevated blood lead levels; report.**

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

**Infant mortality rate data; release to public.**

Sec. 1133. The department shall release infant mortality rate data to all local public health departments no later than 48 hours prior to releasing infant mortality rate data to the public.

**Adolescent suicide and assessment pilot project; yellow ribbon suicide prevention program.**

Sec. 1134. On the condition that there are unallocated funds remaining in the special projects line item, following the allotment of funds from this line item to existing programs that are required to be funded under this act, the department may provide \$100,000.00 to the yellow ribbon suicide prevention program for an adolescent suicide and assessment pilot project.

**WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM****Project FRESH.**

Sec. 1151. The department may work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds by April 1, 2004 based on local commitment of funds.

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

### **Children with special health care needs; medical care and treatment.**

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

### **Powers and authority.**

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

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

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

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

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

### **Referral of eligible children to locally-based services program.**

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

## **OFFICE OF DRUG CONTROL POLICY**

### **Byrne formula grant program funding.**

Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant program funding the department provides to local drug treatment courts, the department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

## **CRIME VICTIM SERVICES COMMISSION**

### **Prosecution of sexual assault; expansion of forensic nurse examiner programs.**

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

### **Collection of sexual assault evidence; ensuring certain recommendations are followed.**

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

**OFFICE OF SERVICES TO THE AGING****Eligibility restrictions.**

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

**Home delivered meals waiting lists; criteria; report.**

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

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

**Day care, care management, respite care, and eligible home and community-based services; fees.**

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

**Respite care; use of tobacco settlement funds.**

Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 10% of the amount allocated under this section shall be expended for administration and administrative purposes.

**Locally-based services.**

Sec. 1413. The legislature affirms the commitment to locally-based services. The legislature supports the role of local county board of commissioners in the approval of area agency on aging plans. The legislature supports choice and the right of local counties to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county. The legislature supports the office of services to the aging working with others to provide training to commissions to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, including home and community-based waiver services, unless they receive a waiver from the department. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

**In-home services, resources, and assistance; eligibility.**

Sec. 1416. The legislature affirms the commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community-based services waiver program.



## **MEDICAL SERVICES**

### **Remedial services; financial eligibility.**

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

### **Services to elderly and disabled persons; income eligibility.**

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty line, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX, 42 U.S.C. 1396a.

### **Purchase of medical coverage; establishment of program.**

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

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

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

### **Protected income level for Medicaid coverage related to public assistance standard.**

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

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

### **Guardian and conservator charges.**

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

### **Medicaid covered services related to pregnancy.**

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

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

(3) In the event that an applicant, presumed to be eligible pursuant to subsection (1), is subsequently found to be ineligible, a Medicaid physician or managed care plan that has

been providing pregnancy services to an applicant under this section is entitled to reimbursement for those services until such time as they are notified by the department that the applicant was found to be ineligible for Medicaid.

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

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

### **Patient rights and responsibilities; pamphlet.**

Sec. 1608. The department shall update by October 1, 2003 and distribute by November 1, 2003 to health care providers the pamphlet identifying patient rights and responsibilities described in section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

### **Cost report grievances; administrative procedure.**

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

### **Medical services reimbursement.**

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

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

### **Electronic billing for services.**

Sec. 1615. Unless prohibited by federal or state law or regulation, the department shall require enrolled Medicaid providers to submit their billings for services electronically by April 1, 2004 and have a program that provides a mechanism for Medicaid providers to submit their billings for services over the Internet.

### **Pharmaceutical dispensing fee.**

Sec. 1620. (1) For fee-for-service recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge, whichever is less.

(2) If carved-out of the capitation rate for managed care recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge or the usual charge allowed by the recipient's Medicaid HMO, whichever is less.

(3) The department shall require a prescription copayment for Medicaid recipients except as prohibited by federal or state law or regulation.