HEALTH POLICY, REGULATION, AND PROFESSIONS

Emergency medical services grants and contracts; servicing rural areas of state.

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

Licensed nursing home inspection summary; posting on Internet.

Sec. 705. The department shall post on the Internet the executive summary of the latest inspection for each licensed nursing home.

Nursing home inspectors; hiring experienced individuals.

Sec. 706. When hiring any new nursing home inspectors funded through appropriations in part 1, the department shall make every effort to hire individuals with past experience in the long-term care industry.

Nurse scholarship program; increase number of nurses practicing in Michigan.

Sec. 707. The funds appropriated in part 1 for the nurse scholarship program, established in section 16315 of the public health code, 1978 PA 368, MCL 333.16315, shall be used to increase the number of nurses practicing in Michigan. The board of nursing is encouraged to structure scholarships funded under this act in a manner that rewards recipients who intend to practice nursing in Michigan. In addition, the department and the board of nursing shall work cooperatively with the Michigan higher education assistance authority to coordinate scholarship assistance with scholarships provided pursuant to the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

Total patient care hours and percentage of pool staff used; report.

Sec. 708. Nursing facilities shall report in the quarterly staff report to the department, the total patient care hours provided each month, by state licensure and certification classification, and the percentage of pool staff, by state licensure and certification classification, used each month during the preceding quarter. The department shall make available to the public, the quarterly staff report compiled for all facilities including the total patient care hours and the percentage of pool staff used, by classification.

Loan repayment for dentists.

Sec. 709. 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.

Federally qualified health centers; enhancement of service capacity.

Sec. 710. From the funds appropriated in part 1 for primary care services, an amount not to exceed $1,723,300.00 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.

Customized listings of nonconfidential information; availability.

Sec. 711. The department may make available to interested entities customized listings of nonconfidential information in its possession, such as names and addresses of licensees. The department may establish and collect a reasonable charge to provide this service. The revenue received from this service shall be used to offset expenses to provide the service.

Any balance of this revenue collected and unexpended at the end of the fiscal year shall revert to the appropriate restricted fund.

Free health clinics.

Sec. 712. From the funds appropriated in part 1 for primary care services, $250,000.00 shall be allocated to free health clinics operating in the state. The department shall distribute the funds equally to each free health clinic. For the purpose of this appropriation, free health clinics are nonprofit organizations that use volunteer health professionals to provide care to uninsured individuals.

Multicultural agencies that provide primary services; funds.

Sec. 713. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1 and to ensure that 100% of these funds are allocated to these agencies in a timely fashion.

Nursing facility complaint investigations; report.

Sec. 714. The department shall report to the legislature on the timeliness of nursing facility complaint investigations and the number of complaints that are substantiated on an annual basis. The report shall consist of the number of complaints filed by consumers and the number of facility-reported incidents. The department shall make every effort to contact every complainant and the subject of a complaint during an investigation.

Emergency medical service providers; testing, certification, and inspection services.

Sec. 715. The department shall maintain existing contractual and funding arrangements to provide testing, certification, and inspection services for emergency medical service providers through December 31, 2006.

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.

AIDS provider education activities; consortium of health care providers.

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; eligibility criteria and drug formulary.

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. If the appropriation in part 1 is not sufficient to maintain the prior year eligibility criteria and drug formulary, the department may revise the eligibility criteria and drug formulary in a manner that is consistent with federal program guidelines.

Michigan prisoner reentry initiative; sharing data and information relating to prisoners being released and hepatitis C.

Sec. 804. The department, in conjunction with efforts to implement the Michigan prisoner reentry initiative, shall cooperate with the department of corrections to share data and information as it relates to prisoners being released and hepatitis C. By April 1, 2007, the department shall report to the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the progress and results of its work and the potential outcomes from its work with the department of corrections under this section.

Vaccinations.

Sec. 805. The department shall work with health plans, providers, pharmaceutical manufacturers, and other interested parties to ensure that children under the age of 5 receive all of their scheduled vaccinations, including pneumococcal conjugate vaccines to help prevent invasive pneumococcal disease, including meningitis.

LOCAL HEALTH ADMINISTRATION AND GRANTS

Implementation of MCL 333.17015; reimbursement.

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 county participation in district health department; 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, 2006, 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.

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.

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 2006-2007 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2007, 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.

Hearing and vision screening services.

Sec. 905. From the funds appropriated in part 1 for local public health operations, $5,150,000.00 shall be used to continue funding hearing and vision screening services through local public health departments. The extent of services provided shall be similar to the extent of services provided in fiscal year 2004-2005.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Alzheimer's disease; information and referral services.

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 program; priority.

Sec. 1006. (1) 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.

(2) For purposes of complying with 2004 PA 164, $900,000.00 of the funds appropriated in part 1 for the smoking prevention program shall be used for the quit kit program that includes the nicotine patch or nicotine gum.

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.

Muskegon county diabetes management pilot project.

Sec. 1008. From the funds appropriated in part 1 for the diabetes and kidney program, $25,000.00 shall be allocated for a diabetes management pilot project in Muskegon County.

National kidney foundation of Michigan; allocation.

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. From the funds appropriated in part 1 for chronic disease prevention, $200,000.00 shall be allocated 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 may 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.

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 may be appropriated for the African-American male health initiative.

African-American male health initiative program; participation rate.

Sec. 1029. It is the intent of the legislature that the male participation rate in the African-American male health initiative program be no less than 75%.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Women, infants, and children food supplement program; family planning; and prenatal care outreach and service delivery support program; reallocation to other agencies.

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.

Sec. 1104. Before April 1, 2007, 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 2005-2006.

Contracting with local agencies; evaluation; 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 program; compliance with federal 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 programs.

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.

Prenatal care outreach and service delivery support; expenditures for local administration, data processing, and evaluation.

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

Pregnancy prevention programs; 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) 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, 2006.

Receipt of family planning funds; option.

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.

Family planning/pregnancy prevention services.

Sec. 1111. The department shall allocate no less than 88% 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.

Allocation to communities with high infant mortality rates.

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.

Patient's marital status; optional response field.

Sec. 1113. Service providers receiving funds appropriated in part 1 for family planning local agreements or the pregnancy prevention program shall include an optional response field on general patient information documents requesting information on a patient's marital status.

Safe delivery of newborns law; Internet website.

Sec. 1114. From the funds appropriated in part 1 for special projects, $30,000.00 shall be allocated for creation of an Internet website to inform and train public service and public safety agency personnel regarding the provisions of the safe delivery of newborns law. The website shall be made available to the general public.

Blood lead level; 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.

Nurse family partnership program.

Sec. 1132. From the funds appropriated in part 1 for special projects, $400,000.00 shall be allocated to the nurse family partnership program.

Infant mortality rate data.

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.

Health education curriculum.

Sec. 1135. (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 department of human services.

(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.

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 based on local commitment of funds.

Lead screening testing.

Sec. 1152. The department shall require that all Medicaid children participating in the special supplemental food program for women, infants, and children receive lead screening testing.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Children with special health care need; payment for 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.

Services by department.

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 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 to judiciary.

Sec. 1250. The department shall provide $1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

Crime victim services commission funds; use for lobbying prohibited.

Sec. 1301. (1) Funds appropriated in part 1 for the crime victim services commission and granted to an organization shall not be used by that organization for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431, and shall not be used in an attempt to influence the decisions of the legislature, the governor, or any state agency.

(2) The department shall assure that each organization that receives funds appropriated in part 1 for the crime victim services commission to ensure that subsection (1) has not been violated.

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.

"Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" recommendations.

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

Appropriation to office of services to the aging; restriction.

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.

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 certain services; receipt and expenditure of 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.

Appropriation of merit award trust funds; respite care program.

Sec. 1406. The appropriation of $5,000,000.00 of merit award trust 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 9% of the amount allocated under this section shall be expended for administration and administrative purposes.

Waiver required; conditions.

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 the agencies 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.

Medicaid home- and community-based services waiver program.

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.

MICHIGAN FIRST HEALTHCARE PLAN

Michigan first healthcare plan; approval of waiver.

Sec. 1501. Funds appropriated in part 1 for the Michigan first healthcare plan are contingent upon approval of a waiver from the federal government.

Participation of certain insurance entities in Michigan first healthcare plan.

Sec. 1502. Upon approval of a waiver from the federal government for the Michigan first healthcare plan, the department shall provide the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director with a report detailing the process that will be utilized to determine which insurance entities will be selected for participation in the Michigan first healthcare plan. The department shall not award a single-source contract to a health plan through the Michigan first healthcare plan.

Michigan first healthcare plan or proposal; submission to legislature and state budget director.

Sec. 1503. The department shall provide a copy of the federally approved Michigan first healthcare plan or similar proposal to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director at least 90 days before implementing any portion of the Michigan first healthcare plan or other similar proposal.

MEDICAL SERVICES

Remedial services.

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.

Medical services to elderly and disabled persons; income level.

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty level, 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 USC 1396a.

Buy-in of medical coverage; rate.

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.

Completed application for Medicaid; date of receipt.

Sec. 1604. If an applicant for Medicaid coverage is found to be eligible, the department shall provide payment for all of the Medicaid covered and appropriately authorized services that have been provided to that applicant since the first day of the month in which the applicant filed and the department of human services received the application for Medicaid coverage. Receipt of the application by a local department of human services office is considered the date the application is received. If an application is submitted on the last day of the month and that day falls on a weekend or a holiday and the application is received by the local department of human services office on the first business day following the end of the month, then receipt of the application is considered to have been on the last day of the previous month. As used in this section, "completed application" means an application complete on its face and signed by the applicant regardless of whether the medical documentation required to make an eligibility determination is included.

Medicaid coverage; protected income level.

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; expense deduction.

Sec. 1606. For the purpose of guardian and conservator charges, the department of community health may deduct up to $45.00 per month as an allowable expense against a recipient's income when determining medical services eligibility and patient pay amounts.

Medicaid coverage relating 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 participating 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.

Reimbursement under medical services program; cost report grievances.

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 recipients with other third-party sources of payment; reimbursement; limitation.

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.

Billings; electronic submission.

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.

Pharmaceutical dispensing fee.

Sec. 1620. (1) For fee-for-service recipients who do not reside in nursing homes, the pharmaceutical dispensing fee shall be $2.50 or the pharmacy's usual or customary cash charge, whichever is less. For nursing home residents, the pharmaceutical dispensing fee shall be $2.75 or the pharmacy's usual or customary cash charge, whichever is less.

(2) The department shall require a prescription copayment for Medicaid recipients of $1.00 for a generic drug and $3.00 for a brand-name drug, except as prohibited by federal or state law or regulation.

(3) For fee-for-service recipients, an optional mail-order pharmacy program shall be available.

Prospective drug utilization review and disease management systems.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Efficacy of disease management and health management programs.

Sec. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

Dispensing of 100-day supply for maintenance drugs.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Atypical antipsychotic medications; placement on Medicaid preferred drug list.

Sec. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Quarterly rebates from pharmaceutical manufacturers for certain drugs.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 USC 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in the MIChild program, maternal outpatient medical services program, children's special health care services, and adult benefit waiver program.

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

Individuals dually enrolled in Medicare and Medicaid programs; committee to study implementation of psychotropic pharmacy administration.

Sec. 1628. (1) The department shall convene by April 2007 a committee to study the implementation of psychotropic pharmacy administration under Medicare part D for individuals dually enrolled in the Medicare and Medicaid programs. This committee shall study

and evaluate the effectiveness of mental health consumer enrollment and medication access through the Medicare part D procedures for pharmaceutical management for dual eligibles.

(2) The committee shall include a representative from each of the following organizations: the medical services administration, the office of services to the aging, the department's mental health and substance abuse services division, mental health association of Michigan, national alliance for the mentally ill of Michigan, Michigan psychiatric society, Michigan association of community mental health boards, Michigan pharmacists association, Michigan protection and advocacy service, international association of psychosocial rehabilitation services, and the pharmaceutical industry. The committee shall elect a chairperson who is not employed by state government.

(3) The committee shall produce a report by September 30, 2007 to the senate and house of representatives appropriations subcommittees on community health and the senate and house fiscal agencies.

Generic drugs; utilization of maximum allowable cost pricing.

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

Podiatric services, adult dental services, and chiropractic services; Medicaid coverage.

Sec. 1630. (1) Medicaid coverage for podiatric services, adult dental services, and chiropractic services shall continue at not less than the level in effect on October 1, 2002, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

(2) The department may implement the bulk purchase of hearing aids, impose limitations on binaural hearing aid benefits, and limit the replacement of hearing aids to once every 3 years.

Copayments.

Sec. 1631. (1) The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

(2) Except as otherwise prohibited by federal or state law or regulations, the department shall require Medicaid recipients to pay the following copayments:

(a) Two dollars for a physician office visit.

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

(c) Fifty dollars for the first day of an inpatient hospital stay.

(d) One dollar for an outpatient hospital visit.

Healthy kids dental program; expansion.

Sec. 1633. From the funds appropriated in part 1 for dental services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Ambulance services.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in

fiscal year 2000-2001 and continue the ground mileage reimbursement rate per statute mile at $4.25.

Obstetrical services.

Sec. 1635. From the funds appropriated in part 1 for physician services and health plan services, the department shall continue the increase in Medicaid reimbursement rates for obstetrical services implemented in fiscal year 2005-2006.

Physician well child procedure codes and primary care procedure codes; increase in Medicaid reimbursement rates; report.

Sec. 1636. (1) From the funds appropriated in part 1 for physician services and health plan services, $16,623,600.00, of which $7,251,200.00 is general fund/general purpose funds, shall be allocated to increase Medicaid reimbursement rates for physician well child procedure codes and primary care procedure codes. The increased reimbursement rates in this section shall be implemented October 1, 2006 and shall not exceed the comparable Medicare payment rate for the same services.

(2) By October 1, 2006, the department shall provide a report to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies that identifies the specific procedure codes affected by this provision as well as the amount and percentage increase provided for each procedure code.

Medicaid personal responsibility agreement.

Sec. 1637. (1) All adult Medicaid recipients shall be offered the opportunity to sign a Medicaid personal responsibility agreement.

(2) The personal responsibility agreement shall include at minimum the following provisions:

(a) That the recipient shall not smoke.

(b) That the recipient shall attend all scheduled medical appointments.

(c) That the recipient shall exercise regularly.

(d) That if the recipient has children, those children shall be up to date on their immunizations.

(e) That the recipient shall abstain from abusing controlled substances and narcotics.

Cost reports; completion.

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

Psychiatric residency training program.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line-item appropriation, not less than $10,359,000.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary allowable Medicaid matching funds are provided by the universities.

Graduate medical education.

Sec. 1647. From the funds appropriated in part 1 for medical services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2005.

Verification of eligibility status of Medicaid recipients; use of toll-free phone line.

Sec. 1648. The department shall maintain an automated toll-free phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Breast and cervical cancer treatment coverage.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Assignment to managed care provider.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Hospice services.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 CFR part 418.

Implementation and contracting for managed care through HMOs.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area,

is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(d) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during the fiscal year.

(e) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

Services delivered through other than HMO's providers.

Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

Lock-in period.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

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

Expedited complaint review procedure; toll-free telephone number for Medicaid recipients; report.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

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

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget office.

Reimbursement for medical services to screen and stabilize Medicaid recipient.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

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

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Hospital access agreement.

Sec. 1658. (1) HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sections applicable to certain Medicaid managed care programs.

Sec. 1659. The following sections of this act are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 401, 402, 404, 411, 414, 418, 424, 428, 456, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, 1666, 1699, 1711, 1749, 1752, 1753, and 1766.

Access to EPSDT services.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age-appropriate screening or arrange for these tests through referrals to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Access to MSS/ISS services.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the department of human services, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

Quality, timeliness, and access to health care services; analysis and evaluation; report.

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

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall assure that training and technical assistance are available for EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Children born to mothers who are Medicaid eligible; inclusion in Medicaid eligibility file.

Sec. 1666. To increase timely repayment of the maternity case rate to health plans and reduce the need to recover revenue from hospitals, the department shall implement system changes to assure that children who are born to mothers who are Medicaid eligible and enrolled in health plans are within 30 days after birth included in the Medicaid eligibility file and enrolled in the same health plan as the mother or any other health plan designated by the mother.

MIChild program; eligibility criteria.

Sec. 1670. (1) The appropriation in part 1 for the MIChild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application

for MIChild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

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

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

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

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

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

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

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

(7) The department may make payments on behalf of children enrolled in the MIChild program from the line-item appropriation associated with the program as described in the MIChild state plan approved by the United States department of health and human services, or from other medical services line-item appropriations providing for specific health care services.

MIChild program; marketing and outreach.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MIChild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

MIChild program; premiums.

Sec. 1673. (1) The department may establish premiums for MIChild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not be less than $10.00 or exceed $15.00 for a family.

(2) The department shall not require copayments under the MIChild program.

MIChild program; benefits.

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

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

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

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

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

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

(f) Care management services for mental health diagnoses.

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

(h) Emergency ambulance services.

Medicaid nursing home wage pass-through program; enhanced wages or employee benefits.

Sec. 1680. (1) Payment increases for enhanced wages and new or enhanced employee benefits provided in previous years through the Medicaid nursing home wage pass-through program shall be continued in fiscal year 2006-2007.

(2) The department shall not implement any increase or decrease in the Medicaid nursing home wage pass-through program in fiscal year 2005-2006.

Home- and community-based services; use of family members, friends, and neighbors to provide certain services.

Sec. 1681. From the funds appropriated in part 1 for home- and community-based services, the department and local waiver agents shall encourage the use of family members, friends, and neighbors of home- and community-based services participants, where appropriate, to provide homemaker services, meal preparation, transportation, chore services, and other nonmedical covered services to participants in the Medicaid home- and community-based services program. This section shall not be construed as allowing for the payment of family members, friends, or neighbors for these services unless explicitly provided for in federal or state law.

Enforcement actions; receipt and expenditure of penalty money.

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

(2) The department is authorized to receive and spend penalty money received as the result of noncompliance with medical services certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

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

Programs focusing on individual dignity and quality of care; priority.

Sec. 1683. The department shall promote activities that preserve the dignity and rights of terminally ill and chronically ill individuals. Priority shall be given to programs, such as hospice, that focus on individual dignity and quality of care provided persons with terminal illness and programs serving persons with chronic illnesses that reduce the rate of suicide through the advancement of the knowledge and use of improved, appropriate pain management for these persons; and initiatives that train health care practitioners and faculty in managing pain, providing palliative care, and suicide prevention.

Medicaid home- and community-based services waiver program; administrative rate.

Sec. 1684. (1) Of the funds appropriated in part 1 for the Medicaid home- and community-based services waiver program, the payment rate allocated for administrative expenses for fiscal year 2006-2007 shall continue at the rate implemented in fiscal year 2005-2006 after the $2.00 per person per day mandated reduction.

(2) The savings realized from continuing the reduced administrative rate shall be reallocated to increase enrollment in the waiver program and to provide direct services to eligible program participants.

(3) The department shall provide a report by April 1, 2007, to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies on the number of nursing home patients discharged who are subsequently enrolled in the Medicaid home- and community-based services waiver program, and the associated cost savings.

Nursing home rates.

Sec. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Long-term care single point of entry services pilot projects.

Sec. 1686. (1) The department shall submit a report by April 30, 2007 to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies on the progress of 4 Medicaid long-term care single point of entry services pilot projects. The department shall also submit a final plan to the house of representatives and senate subcommittees on community health and the house and senate fiscal agencies 60 days prior to any expansion of the program.

(2) In addition to the report required under subsection (1), the department shall report all of the following to the house of representatives and senate appropriations subcommittees on community health and the house of representatives and senate fiscal agencies by September 30, 2007:

(a) The total cost of the single point of entry program.

(b) The total cost of each designated single point of entry.

(c) The total amount of Medicaid dollars saved because of the program.

(d) The total number of emergent single point of entry cases handled and the average length of time for placement in long-term care for those cases.

(e) The total number of single point of entry cases involving transfer from hospital settings to long-term care settings and the average length of time for placement of those cases in long-term care settings.

(3) It is the intent of the legislature that funding for single point of entry for long-term care end on September 30, 2008.

(4) As used in this section, "single point of entry" means a system that enables consumers to access Medicaid long-term care services and supports through 1 agency or organization and that promotes consumer education and choice of long-term care options.

Medicaid recipients requiring specialized Alzheimer's disease or dementia care.

Sec. 1687. (1) From the funds appropriated in part 1 for long-term care services, the department shall contract with a stand-alone psychiatric facility that provides at least 20% of its total care to Medicaid recipients to provide access to Medicaid recipients who require specialized Alzheimer's disease or dementia care.

(2) The department shall report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the effectiveness of the contract required under subsection (1) to improve the quality of services to Medicaid recipients.

Limit on per unit reimbursement prohibited.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home- and community-based services waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home- and community-based services waiver is not a violation of this section.

Enrollment in Medicaid home- and community-based services waiver program; priority.

Sec. 1689. (1) Priority in enrolling additional persons in the Medicaid home- and community-based services waiver program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home- and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home- and community-based services waiver program. If there is a net decrease in the number of Medicaid nursing home days of care during the most recent quarter in comparison with the previous quarter and a net cost savings attributable to moving individuals from a nursing home to the home- and community-based services waiver program, the department shall transfer the net cost savings to the home- and community-based services waiver program. If a transfer is required, it shall be done on a quarterly basis.

(2) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home- and community-based services waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home- and community-based services waiver program and the amount of funds transferred.

Adult home help workers.

Sec. 1691. The funding increase of $31,462,600.00 provided in part 1 for the adult home help program shall be passed through to adult home help workers subject to the following conditions:

(a) All adult home help workers providing care under the adult home help program shall receive a wage of at least $7.00 per hour, effective October 1, 2006.

(b) Adult home help workers employed by a county which paid those adult home help workers at least $7.00 per hour as of July 1, 2006 shall receive a wage rate increase of $0.50 per hour.

(c) The department, in conjunction with the department of human services, shall revise any policies, rules, procedures, or regulations that may be an administrative barrier to the implementation of the wage increases described in this section.

Medical services school services payments.

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

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

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

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

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

Special Medicaid reimbursement appropriation; increase; condition.

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

Children's hospitals that have high indigent care volume; amount distributed.

Sec. 1694. The department of community health shall distribute $695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Federal Medicaid or children health insurance program funds; use of certain funds as state match.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship

with a local or intermediate school district to provide or manage school-based or school-linked health services.

GME and DSH; direct payment to hospitals.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients in the amount of $50,000,000.00, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

Enrollment and benefits information for each Medicaid recipient; availability to providers and HMOs.

Sec. 1701. The department shall make available to Medicaid providers and HMOs an online resource that will list enrollment and benefits information for each Medicaid recipient. This resource shall be made available to providers and HMOs at no charge.

MIChoice home- and community-based services waiver program; proposed changes.

Sec. 1710. Any proposed changes by the department to the MIChoice home- and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health prior to implementation of the proposed changes.

Emergency physician professional services.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 70% of Medicare payment rates.

(b) Total expenditures for these services shall not exceed the level of total payments made during fiscal year 2001-2002, after adjusting for Medicare copayments and deductibles and for changes in utilization.

(2) To ensure that total expenditures stay within the spending constraints of subsection (1)(b), the department shall develop a utilization adjustor for the basic 2-tier payment methodology. The adjustor shall be based on a good faith estimate by the department as to what the expected utilization of emergency room services will be during fiscal year 2006-2007, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) The department shall encourage each Medicaid HMO to create a criteria-based emergency room observation rate for Medicaid eligibles with a length of stay of not more than 24 hours.

Rural health initiative.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a county, city, village, or township with a population of not more than 30,000, including those entities if located within a metropolitan statistical area.

Participation by dentists in Medicaid program; study.

Sec. 1713. (1) The department, in conjunction with the Michigan dental association, shall undertake a study to determine the level of participation by Michigan licensed dentists in the state's Medicaid program. The study shall identify the distribution of dentists throughout the state, the volume of Medicaid recipients served by each participating dentist, and areas in the state underserved for dental services.

(2) The study described in subsection (1) shall also include an assessment of what factors may be related to the apparent low participation by dentists in the Medicaid program, and the study shall make recommendations as to how these barriers to participation may be reduced or eliminated.

(3) This study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies no later than April 1, 2007.

Medicaid adult benefits waiver program; enrollment level.

Sec. 1716. The department shall seek to maintain a constant enrollment level within the Medicaid adult benefits waiver program throughout fiscal year 2006-2007.

Disproportionate share hospital funding; distribution.

Sec. 1717. (1) The department shall create 2 pools for distribution of disproportionate share hospital funding. The first pool, totaling $45,000,000.00, shall be distributed using the distribution methodology used in fiscal year 2003-2004. The second pool, totaling $5,000,000.00, shall be distributed to unaffiliated hospitals and hospital systems that received less than $900,000.00 in disproportionate share hospital payments in fiscal year 2003-2004 based on a formula that is weighted proportional to the product of each eligible system's Medicaid revenue and each eligible system's Medicaid utilization.

(2) By September 30, 2007, the department shall report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the new distribution of funding to each eligible hospital from the 2 pools.

Reduction, suspension, termination, or denial of adult home help services; hearing.

Sec. 1718. The department shall provide each Medicaid adult home help beneficiary or applicant with the right to a fair hearing when the department or its agent reduces, suspends, terminates, or denies adult home help services. If the department takes action to reduce, suspend, terminate, or deny adult home help services, it shall provide the beneficiary or applicant with a written notice that states what action the department proposes to take, the reasons for the intended action, the specific regulations that support the action, and an explanation of the beneficiary's or applicant's right to an evidentiary hearing and the circumstances under which those services will be continued if a hearing is requested.

Medicare recovery program.

Sec. 1720. The department shall continue its Medicare recovery program.

Prepaid funds to nursing home or facility that are returned to individual; review.

Sec. 1721. The department shall conduct a review of Medicaid eligibility pertaining to funds prepaid to a nursing home or other health care facility that are subsequently returned

to an individual who becomes Medicaid eligible and shall report its findings to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies not later than May 15, 2007. Included in its report shall be recommendations for policy and procedure changes regarding whether any funds prepaid to a nursing home or other health care facility that are subsequently returned to an individual, after the date of Medicaid eligibility and patient pay amount determination, shall be considered as a countable asset and recommendations for a mechanism for departmental monitoring of those funds.

Health services provided by Hutzel Hospital; disproportionate share payment.

Sec. 1722. (1) From the funds appropriated in part 1 for special Medicaid reimbursement payments, the department is authorized to make a disproportionate share payment of $33,167,700.00 for health services provided by Hutzel Hospital.

(2) The funding authorized under subsection (1) shall only be expended if the necessary Medicaid matching funds are provided by, or on behalf of, the hospital as allowable state match.

Treatment of respiratory syncytial virus; purchase of drugs by pharmacies; administration by physicians.

Sec. 1724. The department shall allow licensed pharmacies to purchase injectable drugs for the treatment of respiratory syncytial virus for shipment to physicians' offices to be administered to specific patients. If the affected patients are Medicaid eligible, the department shall reimburse pharmacies for the dispensing of the injectable drugs and reimburse physicians for the administration of the injectable drugs.

Medicaid eligibility errors; reduction.

Sec. 1725. The department shall continue to work with the department of human services to reduce Medicaid eligibility errors related to basic eligibility requirements and income requirements.

Creatinine test; laboratory report.

Sec. 1726. Any clinical laboratory performing a creatinine test on a Medicaid client shall report the glomerular filtration rate (eGFR) of the patient and shall report it as a percent of kidney function remaining.

Freestanding, electric, lifting, and transferring devices; availability.

Sec. 1728. The department shall make available to qualifying Medicaid recipients, not based on Medicare guidelines, freestanding, electric, lifting, and transferring devices.

Medicaid eligibility for certain individuals between ages of 18 and 21.

Sec. 1731. (1) Subject to subsection (2), the department shall continue an asset test to determine Medicaid eligibility for individuals who are parents, caretaker relatives, or individuals between the ages of 18 and 21 and who are not required to be covered under federal Medicaid requirements.

(2) Regardless of the results of the asset test established under subsection (1), an individual who is between the ages of 18 and 21 and is not required to be covered under the federal Medicaid requirements is not eligible for the state Medicaid program if his or her parent, parents, or legal guardian has health care coverage for him or her or has access to health care coverage for him or her.

Reductions in nursing home reimbursement rates prohibited; conditions.

Sec. 1732. The department shall assure that, if proposed modifications to the quality assurance assessment program for nursing homes are not implemented, the projected general fund/general purpose savings shall not be achieved through reductions in nursing home reimbursement rates.

Electronic prescribing and health information technology initiatives.

Sec. 1733. The department shall seek additional federal funds to permit the state to provide financial support for electronic prescribing and other health information technology initiatives.

Positive health behavior; incentives.

Sec. 1734. The department shall seek federal funds that will permit the state to provide financial incentives for positive health behavior practiced by Medicaid recipients. The structure of this incentive program may be similar to programs in other states that authorize monetary rewards to be deposited in individual accounts for Medicaid recipients who demonstrate positive changes in health behavior.

Preferred provider program.

Sec. 1735. (1) The department shall establish a committee that will attempt to identify possible Medicaid program savings associated with the creation of a preferred provider program or an alternative program for durable medical equipment, prosthetics, and orthotics.

(2) To assure quality and access, the preferred provider program shall involve providers who can offer a broad statewide network of services and who are accredited by the joint commission on accreditation of health care organizations or the accreditation commission for health care, inc. and the American board for certification in orthotics and prosthetics.

(3) This committee shall include, at minimum, representatives from each of the contracted Medicaid HMOs, the medical services administration, the Michigan state medical society, the Michigan osteopathic society, the Michigan home health association, the Michigan health and hospital association, and 2 accredited providers.

(4) By April 1, 2007, the committee shall report to the senate and house of representatives subcommittees on community health, the state budget director, and the department on possible durable medical equipment contracting opportunities and anticipated Medicaid program savings.

Federal disproportionate share hospital cap; increase.

Sec. 1738. (1) The department shall explore ways to increase the federal disproportionate share hospital cap.

(2) If the disproportionate share hospital cap is increased, the department shall consider increasing funding for county health plans and shall consider disproportionate share hospital payments to trauma centers.

Medical outcome targets; establishment for certain ailments.

Sec. 1739. The department shall determine the 10 most prevalent and costly ailments affecting Medicaid recipients and shall establish medical outcome targets for each of those ailments. The department may use indicators that recipients are successfully managing chronic disease, measures of recipient compliance with treatment plans, and studies of the proportion of Medicaid providers who follow established best practices in treating chronic disease as possible medical outcome measures. The department shall make bonus payments available to Medicaid HMOs that meet these outcome targets.

GME funds; distribution to hospitals.

Sec. 1740. From the funds appropriated in part 1 for health plan services, the department shall assure that all GME funds are promptly distributed to qualifying hospitals using a methodology developed in consultation with the graduate medical education advisory group. The advisory group shall include representatives of the Michigan health and hospital association and Michigan association of health plans. If the department and the advisory group are unable to reach a consensus on the distribution methodology, the department shall initiate a legislative transfer to transfer the GME funds from health plan services to hospital services and therapy and distribute the GME funds using the mechanism in place for fiscal year 2005-2006.

Interim payments to nursing homes.

Sec. 1741. The department shall continue to provide nursing homes the opportunity to receive interim payments upon their request. The department shall make efforts to ensure that the interim payments are as similar to expected cost-settled payments as possible.

Special Medicaid reimbursement funding to public hospital; criteria.

Sec. 1742. The department shall allow the retention of $1,000,000.00 in special Medicaid reimbursement funding by any public hospital that meets each of the following criteria:

(a) The hospital participates in the intergovernmental transfers.

(b) The hospital is not affiliated with a university.

(c) The hospital provides surgical services.

(d) The hospital has at least 10,000 Medicaid bed days.

Medicaid personal care supplement; increase to adult foster care facilities and homes for the aged.

Sec. 1746. Beginning October 1, 2006, the department shall increase the monthly Medicaid personal care supplement by $10.00 to adult foster care facilities and homes for the aged providing personal care services to Medicaid beneficiaries.

Matching adult home help providers with service recipients.

Sec. 1747. In order to be reimbursed for adult home help services provided to Medicaid recipients, the matching of adult home help providers with service recipients shall be coordinated by the local county department of human services.

Standard billing formats.

Sec. 1749. Effective September 30, 2007, the department shall require all Medicaid health plans to use the same standard billing formats.

Medicaid diagnosis related group rates; establishment.

Sec. 1751. The department shall provide a report by April 1, 2007, to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies on establishing Medicaid diagnosis related group rates based on fee-for-service and health plan costs.

Payment of health benefits; determination of responsible party.

Sec. 1752. The department shall provide a Medicaid health plan with any information that may assist the Medicaid health plan in determining whether another party may be responsible, in whole or in part, for the payment of health benefits.

Disclosure of information by auto insurers on insurance payouts.

Sec. 1753. The department shall take steps to obtain data from auto insurers on insurance payouts for health care claims. If the auto insurers do not voluntarily release the information upon request, the department shall propose legislation to require those insurers to disclose that information upon request. The department shall provide the information received under this section to Medicaid health plans.

Specialized case management program.

Sec. 1756. Not later than March 1, 2007, the department shall establish and implement a specialized case management program to serve the most costly Medicaid beneficiaries who are not enrolled in a health plan and are noncompliant with medical management, including persons with chronic diseases and mental health diagnoses, high prescription drug utilizers, members demonstrating noncompliance with previous medical management, and neonates. The case management program shall, at a minimum, provide a performance payment incentive for physicians who manage the recipient's care and health costs in the most effective way. The department may also develop additional contractual arrangements with 1 or more Medicaid HMOs for the provision of specialized case management services. Contracts with Medicaid HMOs may include provisions requiring collection of data related to Medicaid recipient compliance. Measures of patient compliance may include the proportion of clients who fill their prescriptions, the rate of clients who do not show for scheduled medical appointments, and the proportion of clients who use their medication.

Proof of citizenship.

Sec. 1757. The department shall direct the department of human services to obtain proof from all Medicaid recipients that they are legal United States citizens or otherwise legally residing in this country before approving Medicaid eligibility.

Emergency services only Medicaid benefit; report.

Sec. 1758. The department shall submit a report on the number of individuals who receive the emergency services only Medicaid benefit and the annual amount of Medicaid expenditures for this population to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies by April 1, 2007.

Federal deficit reduction act of 2005; implementation of policy changes.

Sec. 1759. The department shall implement the following policy changes included in the federal deficit reduction act of 2005, Public Law 109-171:

(a) Lengthening the look back policy for asset transfers from 3 to 5 years.

(b) Changing the penalty period to begin the day an individual applies for Medicaid.

(c) Individuals with more than $500,000.00 in home equity do not qualify for Medicaid.

(d) Utilize the Medicaid false claim act, 1977 PA 72, MCL 400.601 to 400.613, to collect an enhanced state share of damages collected from entities that have been successfully prosecuted for filing a fraudulent Medicaid claim.

Health information technology initiatives; federal and private grant funding.

Sec. 1760. (1) In addition to the funds appropriated in part 1 for the health information technology initiatives, the department shall seek out and apply for federal and private grant funding for health information technology efforts.

(2) The department shall apply for Medicaid transformation grant funds made available in the federal deficit reduction act of 2005, Public Law 109-171, to support health information technology efforts.

Distribution of certain funds recovered by medical services administration.

Sec. 1761. (1) The department shall distribute all funds recovered by the medical services administration from prior and future Medicaid access to care initiative payments exceeding the hospital upper payment limit for inpatient and outpatient services to hospitals meeting any of the following characteristics:

(a) Is located in a rural county as determined by the most recent United States census or is located in a city, village, or township with a population of not more than 12,000 and in a county with a population of not more than 110,000 as of the official federal 2000 decennial census.

(b) Is a Medicare sole community hospital.

(c) Is a Medicare dependent hospital and rural referral center hospital.

(2) The distribution under subsection (1) shall be based upon each hospital's Medicaid fee-for-service and HMO payments as developed in consultation with rural hospitals and the Michigan health and hospital association.

Streamline of administrative functions; adoption of workflow management tool.

Sec. 1762. In order to save money, the department shall adopt an Internet-based workflow management tool to streamline administrative functions such as prior authorizations, provider correspondence, provider enrollment, third-party recovery, level of care determinations, claims processing, and provider, interdepartmental, and contractor communication.

Electronic exchange of health information; pilot project.

Sec. 1763. From the funds appropriated in part 1 for health information technology initiatives, the department shall participate in a pilot project related to the electronic exchange of health information in southeast Michigan and make these funds available through a competitive bid process.

Certification of rates.

Sec. 1764. The department will annually certify rates paid to Medicaid health plans as being actuarially sound in accordance with federal requirements and will provide a copy of the rate certification and approval immediately to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies.

Payment to pharmacists for prescriptions; reexamination of pharmaceutical dispensing fee structure.

Sec. 1767. The department shall study and evaluate the impact of the change in the way in which the Medicaid program pays pharmacists for prescriptions from average wholesale price to average manufacturer price as required by the federal deficit reduction act of 2005, Public Law 109-171. By March 1, 2007, the department shall submit a report of its study to the senate and house of representatives appropriations subcommittees on community health and the senate and house fiscal agencies. If the department finds that there is a negative impact on the pharmacists, the department shall reexamine the current

pharmaceutical dispensing fee structure established under section 1620 and include in the report recommendations and proposals to counter the negative impact of that federal legislation.

This act is ordered to take immediate effect.
Approved August 10, 2006.
Filed with Secretary of State August 10, 2006.

[No. 331]

(SB 1084)

AN ACT to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2007; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of corrections.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of corrections for the fiscal year ending September 30, 2007, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF CORRECTIONS

APPROPRIATION SUMMARY:		
Average population	51,490	
Full-time equated unclassified positions	16.0	
Full-time equated classified positions	17,782.0	
GROSS APPROPRIATION		$ 1,940,421,500
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		1,238,400
ADJUSTED GROSS APPROPRIATION		$ 1,939,183,100
Federal revenues:		
Total federal revenues		11,431,500
Special revenue funds:		
Total local revenues		420,900
Total private revenues		0
Total other state restricted revenues		68,775,700
State general fund/general purpose		$ 1,858,555,000

		For Fiscal Year Ending Sept. 30, 2007
Executive.		
Sec. 102. EXECUTIVE		
Full-time equated unclassified positions 16.0		
Full-time equated classified positions 228.2		
Unclassified positions—16.0 FTE positions	$	1,384,700
Executive direction—36.0 FTE positions		4,527,400
Policy and strategic planning—34.0 FTE positions		6,681,400
Prisoner reintegration programs		12,552,900
Human resources—158.2 FTE positions		15,627,800
Human resources optimization user charges		1,050,800
Training		11,750,600
Worker's compensation		17,794,000
Sheriffs' coordinating and training office		500,000
GROSS APPROPRIATION	$	71,869,600
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDSP, Michigan justice training fund		695,900
Federal revenues:		
DOJ, prisoner reintegration		1,035,000
DOJ, state criminal alien assistance program		81,300
Special revenue funds:		
Local corrections officer training fund		500,000
State general fund/general purpose	$	69,557,400
Administration and programs.		
Sec. 103. ADMINISTRATION AND PROGRAMS		
Full-time equated classified positions 292.9		
Administrative services—73.9 FTE positions	$	6,990,100
Substance abuse testing and treatment		18,311,000
Inmate legal services		314,900
Prison industries operations—219.0 FTE positions		19,248,500
Rent		2,095,200
Equipment and special maintenance		425,500
Compensatory buyout and union leave bank		275,000
Prosecutorial and detainer expenses		4,051,000
GROSS APPROPRIATION	$	51,711,200
Appropriated from:		
Federal revenues:		
DOJ, office of justice programs, RSAT		1,093,400
DOJ, office of justice programs, Byrne grants		729,400
Special revenue funds:		
Correctional industries revolving fund		19,352,700
State general fund/general purpose	$	30,535,700
Field operations administration.		
Sec. 104. FIELD OPERATIONS ADMINISTRATION		
Full-time equated classified positions 1,881.9		
Field operations—1,770.9 FTE positions	$	143,801,000
Parole and probation special operations program		1,300,000

		For Fiscal Year Ending Sept. 30, 2007
Parole board operations—27.0 FTE positions	$	2,549,700
Loans to parolees		294,400
Parole/probation services		2,867,300
Community re-entry centers—48.0 FTE positions		14,295,200
Electronic monitoring center—36.0 FTE positions		5,644,500
GROSS APPROPRIATION	$	170,752,100
Appropriated from:		
Special revenue funds:		
Local - community tether program reimbursement		420,900
Parole and probation oversight fees		10,329,700
Tether program, participant contributions		5,767,900
Parole and probation oversight fees set-aside		2,867,300
Community re-entry centers, offender revenue		368,700
Telephone fees and commissions		902,600
State general fund/general purpose	$	150,095,000

Community corrections.

Sec. 105. COMMUNITY CORRECTIONS

Full-time equated classified positions	17.0	
Community corrections administration—17.0 FTE positions	$	1,742,400
Residential services		16,925,500
Community corrections comprehensive plans and services		12,533,000
Public education and training		50,000
Regional jail program		100
Alternatives to prison jail program		1,619,600
Alternatives to prison treatment program		400,000
Felony drunk driver jail reduction and community treatment program		2,097,400
County jail reimbursement program		13,249,000
GROSS APPROPRIATION	$	48,617,000
Appropriated from:		
Special revenue funds:		
Telephone fees and commissions		11,775,100
Civil infraction fees		7,514,400
Parole and probation oversight fees set-aside		400,000
State general fund/general purpose	$	28,927,500

Consent decrees.

Sec. 106. CONSENT DECREES

Full-time equated classified positions	471.3	
Hadix consent decree—138.0 FTE positions	$	11,600,200
DOJ, consent decree—106.8 FTE positions		9,560,700
DOJ, psychiatric plan - MDCH mental health services		36,018,600
DOJ, psychiatric plan - MDOC staff and services—226.5 FTE positions		16,968,900
GROSS APPROPRIATION	$	74,148,400
Appropriated from:		
State general fund/general purpose	$	74,148,400

		For Fiscal Year Ending Sept. 30, 2007
Health care.		
Sec. 107. HEALTH CARE		
Full-time equated classified positions....1,043.1		
Health care administration—22.0 FTE positions	$	2,951,400
Hospital and specialty care services		58,851,700
Vaccination program		691,200
Northern region clinical complexes—243.4 FTE positions		29,256,800
Southeastern region clinical complexes—472.3 FTE positions		62,222,900
Southwestern region clinical complexes—305.4 FTE positions		36,287,600
GROSS APPROPRIATION	$	190,261,600
Appropriated from:		
Special revenue funds:		
Prisoner health care copayments		331,400
State general fund/general purpose	$	189,930,200
Correctional facilities administration.		
Sec. 108. CORRECTIONAL FACILITIES ADMINISTRATION		
Average population....240		
Full-time equated classified positions....451.9		
Correctional facilities administration—39.0 FTE positions	$	5,925,100
Housing inmates in federal institutions		552,600
Education services and federal education grants—10.0 FTE positions		5,698,600
Federal school lunch program		712,800
Leased beds and alternatives to leased beds		100
Inmate housing fund—32.4 FTE positions		588,200
Average population....240		
Academic/vocational programs—370.5 FTE positions		36,862,900
GROSS APPROPRIATION	$	50,340,300
Appropriated from:		
Federal revenues:		
DOJ-BOP, federal prisoner reimbursement		372,600
DED-OESE, title I		519,700
DED-OVAE, adult education		1,884,900
DED, adult literacy grants		307,100
DED-OSERS		100,800
DED, vocational education equipment		276,200
DED, youthful offender/Specter grant		1,284,200
DOJ-OJP, serious and violent offender reintegration initiative		1,010,000
DAG-FNS, national school lunch		712,800
SSA-SSI, incentive payment		119,900
DOJ, prison rape elimination act grant		1,000,000
Special revenue funds:		
State general fund/general purpose	$	42,752,100
Northern region correctional facilities.		
Sec. 109. NORTHERN REGION CORRECTIONAL FACILITIES		
Average population....15,406		
Full-time equated classified positions....4,199.0		

		For Fiscal Year Ending Sept. 30, 2007
Alger maximum correctional facility - Munising—		
342.1 FTE positions	$	31,920,500
Average population 849		
Baraga maximum correctional facility - Baraga—		
411.5 FTE positions		37,673,900
Average population 1,172		
Chippewa correctional facility - Kincheloe—524.3 FTE positions		48,348,600
Average population 2,122		
Kinross correctional facility - Kincheloe—572.7 FTE positions		55,995,900
Average population 2,759		
Marquette branch prison - Marquette—367.7 FTE positions		36,319,500
Average population 1,070		
Newberry correctional facility - Newberry—346.6 FTE positions		31,102,400
Average population 1,204		
Oaks correctional facility - Eastlake—353.6 FTE positions		35,034,700
Average population 1,156		
Ojibway correctional facility - Marenisco—283.9 FTE positions		25,557,500
Average population 1,330		
Pugsley correctional facility - Kingsley—245.8 FTE positions		21,880,300
Average population 1,158		
Saginaw correctional facility - Freeland—348.0 FTE positions		32,992,200
Average population 1,480		
Standish maximum correctional facility - Standish—		
402.8 FTE positions		38,504,500
Average population 1,106		
GROSS APPROPRIATION	$	395,330,000
Appropriated from:		
Special revenue funds:		
Public works user fees		1,370,400
Resident stores		1,298,700
State general fund/general purpose	$	392,660,900

Southeastern region correctional facilities.

Sec. 110. SOUTHEASTERN REGION CORRECTIONAL FACILITIES

Average population 17,402		
Full-time equated classified positions 4,897.2		
Cooper Street correctional facility - Jackson—		
265.8 FTE positions	$	25,852,800
Average population 1,360		
G. Robert Cotton correctional facility - Jackson—		
429.3 FTE positions		39,944,000
Average population 1,854		
Charles E. Egeler correctional facility - Jackson—		
528.4 FTE positions		52,622,100
Average population 1,591		
Gus Harrison correctional facility - Adrian—		
512.8 FTE positions		48,132,600
Average population 2,262		

		For Fiscal Year Ending Sept. 30, 2007
Huron Valley correctional complex - Ypsilanti—		
691.0 FTE positions	$	65,101,300
Average population		1,658
Macomb correctional facility - New Haven—321.5 FTE positions		29,127,700
Average population		1,228
Mound correctional facility - Detroit—277.8 FTE positions		25,372,200
Average population		1,051
Parnall correctional facility - Jackson—263.6 FTE positions		25,011,400
Average population		1,359
Ryan correctional facility - Detroit—316.8 FTE positions		29,335,500
Average population		1,059
Robert Scott correctional facility - Plymouth—		
339.8 FTE positions		30,261,500
Average population		880
Southern Michigan correctional facility - Jackson—		
417.8 FTE positions		37,317,700
Average population		1,481
Thumb correctional facility - Lapeer—324.6 FTE positions		30,413,100
Average population		1,219
Special alternative incarceration program - Cassidy Lake—		
126.0 FTE positions		11,301,600
Average population		400
Jackson area support and services - Jackson—82.0 FTE positions		14,440,000
GROSS APPROPRIATION	$	464,233,500
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDCH, forensic center food service		542,500
Federal revenues:		
DOJ, state criminal alien assistance program		904,200
Special revenue funds:		
Public works user fees		1,430,200
Resident stores		1,521,300
State general fund/general purpose	$	459,835,300

Southwestern region correctional facilities.

Sec. 111. SOUTHWESTERN REGION CORRECTIONAL FACILITIES

Average population		18,442
Full-time equated classified positions		4,299.5
Bellamy Creek correctional facility - Ionia—465.1 FTE positions	$	44,932,000
Average population		1,830
Earnest C. Brooks correctional facility - Muskegon—		
482.3 FTE positions		45,738,900
Average population		2,200
Carson City correctional facility - Carson City—		
495.6 FTE positions		46,884,000
Average population		2,200
Richard A. Handlon correctional facility - Ionia—		
255.2 FTE positions		24,617,400
Average population		1,320

		For Fiscal Year Ending Sept. 30, 2007
Ionia maximum correctional facility - Ionia—323.8 FTE positions	$	29,474,100
Average population 667		
Lakeland correctional facility - Coldwater—682.9 FTE positions		65,044,100
Average population 3,102		
Muskegon correctional facility - Muskegon—245.4 FTE positions		24,921,700
Average population 1,326		
Pine River correctional facility - St. Louis—223.6 FTE positions		20,606,500
Average population 1,120		
Riverside correctional facility - Ionia—510.8 FTE positions		48,743,900
Average population 2,331		
St. Louis correctional facility - St. Louis—614.8 FTE positions		55,576,700
Average population 2,346		
GROSS APPROPRIATION	$	406,539,300
Appropriated from:		
Special revenue funds:		
Public works user fees		587,300
Resident stores		1,778,700
State general fund/general purpose	$	404,173,300

Information technology.

Sec. 112. INFORMATION TECHNOLOGY

Information technology services and projects	$	16,618,500
GROSS APPROPRIATION	$	16,618,500
Appropriated from:		
Special revenue funds:		
Correctional industries revolving fund		137,800
Parole and probation oversight fees set-aside		541,500
State general fund/general purpose	$	15,939,200

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 2006-2007 is $1,927,330,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2006-2007 is $90,341,500.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF CORRECTIONS		
Field operations - assumption of county probation staff	$	45,499,500
Public service work projects		11,216,400
Community corrections comprehensive plans and services		12,533,000

Community corrections residential services		16,925,500
Community corrections public education and training		50,000
Felony drunk driver jail reduction and community treatment program		2,097,400
Alternatives to prison jail program		1,619,600
Alternatives to prison treatment program		400,000
Regional jail program		100
TOTAL	$	90,341,500

Appropriations subject to MCL 18.1101 to 18.1594.

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

Definitions.

Sec. 203. As used in this act:

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

(b) "DAG-FNS" means the DAG food and nutrition service.

(c) "DED" means the United States department of education.

(d) "DED-OESE" means the DED office of elementary and secondary education.

(e) "DED-OSERS" means the DED office of special education and rehabilitative services.

(f) "DED-OVAE" means the DED office of vocational and adult education.

(g) "Department" or "MDOC" means the Michigan department of corrections.

(h) "DOJ" means the United States department of justice.

(i) "DOJ-BOP" means the DOJ bureau of prisons.

(j) "DOJ-OJP" means the DOJ office of justice programs.

(k) "FTE" means full-time equated.

(*l*) "GPS" means global positioning system.

(m) "IDG" means interdepartmental grant.

(n) "IDT" means intradepartmental transfer.

(o) "MDCH" means the Michigan department of community health.

(p) "MDSP" means the Michigan department of state police.

(q) "MPRI" means the Michigan prisoner reentry initiative.

(r) "OCC" means the office of community corrections.

(s) "RSAT" means residential substance abuse treatment.

(t) "SSA" means the United States social security administration.

(u) "SSA-SSI" means SSA supplemental security income.

Billing by department of civil service.

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.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time 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 may grant exceptions to the hiring freeze imposed under subsection (1) 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 necessitate additional expenditures that exceed any savings from maintaining a 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.

Employee communicating with legislative member or staff.

Sec. 206. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Privatization; project plan.

Sec. 207. At least 120 days before beginning any effort to privatize, 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.

Reporting requirement; 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 an Internet or Intranet site.

Purchase of foreign goods or services.

Sec. 209. 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. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality.

Submission of applicants to controlled substance test.

Sec. 210. (1) Pursuant to the provisions of civil service rules and regulations and applicable collective bargaining agreements, individuals seeking employment with the department shall submit to a controlled substance test. The test shall be administered by the department.

(2) Individuals seeking employment with the department who refuse to take a controlled substance test or who test positive for the illicit use of a controlled substance on such a test shall be denied employment.

Collection of fees and revenues for certain services.

Sec. 211. The department may charge fees and collect revenues in excess of appropriations in part 1 not to exceed the cost of offender services and programming, employee meals, parolee loans, academic/vocational services, custody escorts, compassionate visits, union steward activities, public work programs, and services provided to units of government.

The revenues and fees collected are appropriated for all expenses associated with these services and activities.

Purchasing produce from Michigan growers and processors; preference.

Sec. 212. Preference should be given to purchasing produce from Michigan growers and processors when their produce is competitively priced and of comparable quality.

Revenue sources; report.

Sec. 213. By February 15, 2007, the department shall provide the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a report detailing nongeneral fund/general purpose sources of revenue, including, but not limited to, federal revenues, state-restricted revenues, local and private revenues, offender reimbursements and other payments, revolving funds, and 1-time sources of revenue, whether or not such revenues were appropriated. The report shall include statements detailing for each account the total amount of revenue received during fiscal year 2005-2006, the amount by which the revenue exceeded any applicable appropriated fund source, the amount spent during fiscal year 2005-2006, the account balance at the close of fiscal year 2005-2006, and the projected revenues and expenditures for fiscal year 2006-2007.

Technology-related services; user fees.

Sec. 214. 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. These user fees are subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Information technology; amounts designated as work project.

Sec. 215. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of corrections technology 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.

Out-of-state travel.

Sec. 216. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2007 is limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health, safety, or health and safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, or both, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions listed in subsection (1), the state budget director may grant an exception to allow the travel. Any

exceptions granted by the state budget director shall be reported on a monthly basis to the senate and house standing committees on appropriations.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the senate and house standing committees on appropriations, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state-restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Contracts with businesses in deprived and depressed communities.

Sec. 217. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services, supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in deprived and depressed communities for services, supplies, or both.

EXECUTIVE

Prison population projection updates.

Sec. 401. The department shall submit 3-year and 5-year prison population projection updates by February 1, 2007 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. The report shall include explanations of the methodology and assumptions used in developing the projection updates.

Community re-entry program, electronic tether program, and special alternative to incarceration program; reports.

Sec. 402. The department shall prepare by April 1, 2007 individual reports for the community re-entry program, the electronic tether program, and the special alternative to incarceration program. The reports shall be submitted to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director. Each program's report shall include information on all of the following:

(a) Monthly new participants.

(b) Monthly participant unsuccessful terminations, including cause.

(c) Number of successful terminations.

(d) End month population by facility/program.

(e) Average length of placement.

(f) Return to prison statistics.

(g) Description of each program location or locations, capacity, and staffing.

(h) Sentencing guideline scores and actual sentence statistics for participants, if applicable.

(i) Comparison with prior year statistics.

(j) Analysis of the impact on prison admissions and jail utilization and the cost effectiveness of the program.

Ratios.

Sec. 403. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by April 1, 2007 on the ratio of correctional officers to prisoners for each correctional institution, the ratio of shift command staff to line custody staff, and the ratio of noncustody institutional staff to prisoners for each correctional institution.

Offenders sentenced to prison as result of technical probation or parole violations.

Sec. 404. (1) The department shall review and revise as necessary policy proposals that provide alternatives to prison for offenders being sentenced to prison as a result of technical probation violations and technical parole violations. To the extent the department has insufficient policies or resources to affect the continued increase in prison commitments among these offender populations, the department shall explore other policy options to allow for program alternatives, including department or OCC-funded programs, local level programs, and programs available through private agencies that may be used as prison alternatives for these offenders.

(2) To the extent policies or programs described in subsection (1) are used, developed, or contracted for, the department may request that funds appropriated in part 1 be transferred under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, for their operation.

(3) The department shall continue to utilize parole violator processing guidelines that require parole agents to utilize all available appropriate community-based, nonincarcerative postrelease sanctions and services when appropriate. The department shall periodically evaluate such guidelines for modification, in response to emerging information from the pilot projects for substance abuse treatment provided under this act and applicable provisions of prior budget acts for the department.

(4) By May 1, 2007, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the number of all parolees returned to prison and probationers sentenced to prison for either a technical violation or new sentence from October 1, 2006 through March 30, 2007. After May 1, 2007, the department shall provide monthly reports. The reports shall include the following information each for probationers, parolees after their first parole, and parolees who have been paroled more than once:

(a) The numbers of parole and probation violators returned to or sent to prison for a new crime with a comparison of original versus new offenses by major offense type: assaultive, nonassaultive, drug, and sex.

(b) The numbers of parole and probation violators returned to or sent to prison for a technical violation and the type of violation, including, but not limited to, zero gun tolerance and substance abuse violations.

(c) The educational history of those offenders, including how many had a G.E.D. or high school diploma prior to incarceration in prison, how many received a G.E.D. while in prison, and how many received a vocational certificate while in prison.

(d) The number of offenders who participated in the MPRI versus the number of those who did not.

Funds included in sheriffs' coordinating and training office; use to defray certain costs.

Sec. 405. Funds included in part 1 for the sheriffs' coordinating and training office are appropriated for and may be expended to defray costs of continuing education, certification, recertification, decertification, and training of local corrections officers, the personnel and administrative costs of the sheriffs' coordinating and training office, the local corrections officers advisory board, and the sheriffs' coordinating and training council under the local corrections officers training act, 2003 PA 125, MCL 791.531 to 791.546.

Prisoner reintegration programs; reports.

Sec. 406. (1) By April 1, 2007, the department shall provide a report on prisoner reintegration programs to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. At a minimum, the report shall include all of the following information:

(a) Allocations and projected expenditures for each project funded and for each project to be funded, itemized by service to be provided and service provider.

(b) An explanation of the objectives and results measures for each program.

(c) An explanation of how the programs will be evaluated.

(d) A discussion of the evidence and research upon which each program is based.

(e) A discussion and estimate of the impact of prisoner reintegration programs on reoffending and returns to prison.

(f) A progress report on applicable results of each program, including, but not limited to, the estimated bed space impact of prisoner reintegration programs.

(2) The department shall provide quarterly reports on January 1, 2007, April 1, 2007, July 1, 2007, and September 30, 2007 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the status and recidivism levels of offenders who participated in the MPRI and have been released. The data should be broken out by the following 4 offender types: drug, nonassaultive, assaultive, and sex.

(3) By September 30, 2007, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director a comparison of the overall recidivism rates and length of time prior to prison return of offenders who participated in the MPRI with those of offenders who did not. The report should disaggregate the information by each pilot site in order to compare the practices and success rates of each pilot.

(4) If practicable, the department shall include prisoners nearing their maximum sentence in the prison phases of the MPRI.

Files of felony offenders; accessibility.

Sec. 407. From the funds appropriated in part 1, the department shall maintain and make publicly accessible the files of all felony offenders even after an offender is no longer under the department's jurisdiction on the offender tracking information system in the same manner as files of current offenders.

Offenders serving maximum sentence and released in last 5 years; report.

Sec. 408. By March 1, 2007, the department shall report to the senate and house subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on offenders who have served their maximum sentence and been released from prison in the last 5 years. The report shall include the following information:

(a) The number of offenders who were paroled and returned to prison prior to serving their maximum sentence compared to the number of offenders who served their maximum sentence without ever having been paroled.

(b) The number of offenders disaggregated by major offense type: assaultive, nonassaultive, drug, and sex.

(c) The educational history of those offenders, including how many had a G.E.D. or high school diploma prior to incarceration in prison, how many received a G.E.D. while in prison, and how many received a vocational certificate while in prison.

(d) A comparison of each offender's original offense to the offender's new offense by major offense type: assaultive, nonassaultive, drug, and sex, for offenders who have since returned to prison with a new commitment after previously serving a maximum sentence.

Plan to reduce recidivism rates.

Sec. 409. As a condition of expending funds appropriated for policy and strategic planning and prisoner reintegration programs under section 102 of this act, the department shall by January 31, 2007 provide a plan to reduce recidivism rates among prisoners released from correctional facilities to the members of the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director. The plan shall include detailed information on recidivism rates in this state for the most recent 5-year period, a detailed comparison of those rates to rates in other states and a national average, and details on how the department plans to improve recidivism rates. The plan also shall include details on how the department proposes to measure the success of the plan.

ADMINISTRATION AND PROGRAMS

Housing and custody of parole violators and offenders; reimbursement to counties.

Sec. 501. From the funds appropriated in part 1 for prosecutorial and detainer expenses, the department shall reimburse counties for housing and custody of parole violators and offenders being returned by the department from community placement who are available for return to institutional status and for prisoners who volunteer for placement in a county jail.

Alcohol and drug addiction; screening, assessment, and treatment.

Sec. 502. (1) The department shall screen and assess each prisoner for alcohol and other drug involvement to determine the need for further treatment. The assessment process shall be designed to identify the severity of alcohol and other drug addiction and determine the treatment plan, if appropriate.

(2) Subject to the availability of funding resources, the department shall provide substance abuse treatment to prisoners with priority given to those prisoners who are most in need of treatment and who can best benefit from program intervention based on the screening and assessment provided under subsection (1).

Residential substance abuse treatment services.

Sec. 503. (1) In expending residential substance abuse treatment services funds appropriated under this act, the department shall ensure to the maximum extent possible that residential substance abuse treatment services are available statewide.

(2) By April 1, 2007, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the allocation, distribution, and expenditure of all funds appropriated by the substance abuse testing and treatment line item during fiscal year 2005-2006 and projected for fiscal year 2006-2007. The report shall include, but not be limited to, an explanation of an anticipated year-end balance, the number of participants in substance abuse programs, and the number of offenders on waiting lists for residential substance abuse programs. Information required under this subsection shall, where possible, be separated by MDOC administrative region and by offender type, including, but not limited to, a distinction between prisoners, parolees, and probationers.

(3) By April 1, 2007, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on substance abuse testing and treatment program objectives, outcome measures, and results, including program impact on offender behavior and recidivism.

Assaultive offender programs.

Sec. 504. The department shall develop and maintain a statewide waiting list for offenders referred for assessment for the assaultive offender program for parole eligibility and, if possible, shall transfer prisoners into facilities where assaultive offender programs are available in order to facilitate timely participation and completion prior to parole eligibility hearings. Nothing in this section should be deemed to make parole denial appealable in court.

Mental health and substance abuse services; report.

Sec. 505. The department shall cooperate with the department of community health in providing information for and developing the report required under section 425 of Enrolled Senate Bill No. 1083 of the 93rd Legislature. The report shall, by April 1, 2007, provide the following data concerning mental health and substance abuse services during fiscal year 2005-2006:

(a) The number of prisoners receiving substance abuse services, including a description and breakdown of the type of substance abuse services provided to prisoners.

(b) The number of prisoners with a primary diagnosis of mental illness and the number of those prisoners receiving mental health services, including a description and breakdown, encompassing, at a minimum, the categories of inpatient, residential, and outpatient care, of the type of mental health services provided to those prisoners.

(c) The number of prisoners with a primary diagnosis of mental illness and receiving substance abuse services, including a description and breakdown, encompassing, at a minimum, the categories of inpatient, residential, and outpatient care, of the type of treatment provided to those prisoners.

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

(e) Data indicating whether prisoners with a primary diagnosis of mental illness and receiving substance abuse services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

FIELD OPERATIONS ADMINISTRATION

Caseload audit of field agents.

Sec. 601. From the funds appropriated in part 1, the department shall conduct a statewide caseload audit of field agents. The audit shall address public protection issues and assess the ability of the field agents to complete their professional duties. The results of the audit shall be submitted to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies, and the state budget office by September 30, 2007.

Community service work program.

Sec. 602. (1) Of the amount appropriated in part 1 for field operations, a sufficient amount shall be allocated for the community service work program and shall be used for salaries and wages and fringe benefit costs of community service coordinators employed by the department to supervise offenders participating in work crew assignments. Funds shall also be used to cover motor transport division rates on state vehicles used to transport offenders to community service work project sites.

(2) The community service work program shall provide offenders with community service work of tangible benefit to a community while fulfilling court-ordered community service work sanctions and other postconviction obligations.

(3) As used in this section, "community service work" means work performed by an offender in an unpaid position with a nonprofit or tax-supported or government agency for a specified number of hours of work or service within a given time period.

Electronic tether program; implementation of community tether program.

Sec. 603. (1) All prisoners, probationers, and parolees involved with the electronic tether program shall reimburse the department for costs associated with their participation in the program. The department may require community service work reimbursement as a means of payment for those able-bodied individuals unable to pay for the costs of the equipment.

(2) Program participant contributions and local community tether program reimbursement for the electronic tether program appropriated in part 1 are related to program expenditures and may be used to offset expenditures for this purpose.

(3) Included in the appropriation in part 1 is adequate funding to implement the community tether program to be administered by the department. The community tether program is intended to provide sentencing judges and county sheriffs in coordination with local community corrections advisory boards access to the state's electronic tether program to reduce prison admissions and improve local jail utilization. The department shall determine the appropriate distribution of the tether units throughout the state based upon locally developed comprehensive corrections plans under the community corrections act, 1988 PA 511, MCL 791.401 to 791.414.

(4) For a fee determined by the department, the department shall provide counties with the tether equipment, replacement parts, administrative oversight of the equipment's operation, notification of violators, and periodic reports regarding county program participants. Counties are responsible for tether equipment installation and service. For an additional fee as determined by the department, the department shall provide staff to install and service the equipment. Counties are responsible for the coordination and apprehension of program violators.

(5) Any county with tether charges outstanding over 60 days shall be considered in violation of the community tether program agreement and lose access to the program.

Community placement prisoners and parolees; reimbursement requirements.

Sec. 604. Community-placement prisoners and parolees shall reimburse the department for the total costs of the program. As an alternative method of payment, the department may develop a community service work schedule for those individuals unable to meet reimbursement requirements established by the department.

Council's report on probation and parole agent workload study; department response to study.

Sec. 605. (1) As a condition of expending funds appropriated in part 1 for field operations, the department shall develop and implement a response to the findings and recommendations of the national council on crime and delinquency contained in the council's report on the Michigan department of corrections probation and parole agent workload study, issued February 2006.

(2) By November 1, 2006, the department shall report to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the department's response to the workload study. At a minimum, the report shall include:

(a) The department's estimate of the number of agents required to meet agency standards for completing investigations and supervising offenders, consistent with public safety.

(b) An explanation of any difference between the department's estimate under subdivision (a) and that contained in the workload study.

(c) The number of agent positions authorized and the number of agent positions filled as of October 1, 2006.

(d) A plan for meeting agency standards with regard to field agent workloads.

Contact with parole or probation agents; procedures.

Sec. 606. It is the intent of the legislature that the department shall ensure that parolees and probationers may timely contact their parole or probation agents and maintain procedures that preclude any necessity for an offender to have access to an agent's home telephone number or other personal information pertaining to the agent.

Parole and probation special operations program; allocations; local collaborative efforts.

Sec. 607. (1) Funds appropriated in part 1 for the parole and probation special operations program are appropriated for the purpose of collaborative efforts to reduce crime, particularly violent and gun-related crime, including, but not limited to, federal, state, and local community prosecution of crimes and funding law enforcement officer escorts for field agents making unscheduled visits to verify offenders' whereabouts and activities in selected precincts in cities with a population of more than 750,000 according to the most recent United States decennial census. As used in this section, "unscheduled visits" means visits to locations other than governmental offices between the hours of 5 p.m. and 8 a.m. and made without appointment with the supervised offender.

(2) From the funds appropriated in part 1 for the parole and probation special operations program, the department shall allocate $500,000.00 to the department of attorney general

for personnel and operational costs associated with the parole and probation special operations program.

(3) It is the intent of the legislature that in the course of expending funds appropriated under part 1 for field operations, the department shall cooperate with federal, state, and local law enforcement agencies either located in or with jurisdiction in cities with a population of more than 750,000 according to the most recent United States decennial census in assigning field agents to reduce crime, particularly violent and gun-related crime, and to conduct unscheduled visits in selected police precincts in cities with a population of more than 750,000 according to the most recent United States decennial census.

(4) The department shall evaluate or assist other agencies in the evaluations of the impact of local collaborative efforts to reduce crime, particularly violent and gun-related crime.

GPS electronic tether program; report on failure rate.

Sec. 608. By May 1, 2007, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the failure rate of parolees involved with the GPS electronic tether program. The report shall include the following information about these offenders:

(a) The number and rate of parolee technical violations, including specifying failures due to committing a new crime that is uncharged but leads to parole termination.

(b) The number and rate of parolee violators with new sentences.

COMMUNITY CORRECTIONS

Offender reintegration into the community; delivery and implementation of services.

Sec. 701. The office of community corrections shall provide and coordinate the delivery and implementation of services in communities to facilitate successful offender reintegration into the community. Programs and services to be offered shall include, but are not limited to, technical assistance for comprehensive corrections plan development, new program start-up funding, program funding for those programs delivering services for eligible offenders in geographic areas identified by the office of community corrections as having a shortage of available services, technical assistance, referral services for education, employment services, and substance abuse and family counseling. As used in this act:

(a) "Alternative to incarceration in a state facility or jail" means a program that involves offenders who receive a sentencing disposition that appears to be in place of incarceration in a state correctional facility or jail based on historical local sentencing patterns or that amounts to a reduction in the length of sentence in a jail.

(b) "Goal" means the intended or projected result of a comprehensive corrections plan or community corrections program to reduce prison commitment rates, to reduce the length of stay in a jail, or to improve the utilization of a jail.

(c) "Jail" means a facility operated by a local unit of government for the physical detention and correction of persons charged with or convicted of criminal offenses.