

DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF PUBLIC HEALTH ADMINISTRATOR
COST-SHARED SERVICES

(By authority conferred on the department of public health by sections 2226(d), 2233, and 2495 of Act No. 368 of the Public Acts of 1978, as amended, being SS333.2226(d), 333.2233, and 333.2495 of the Michigan Compiled Laws)

R 325.13051 Applicability.

Rule 1. These rules provide for the designation of local health department services eligible for cost sharing pursuant to part 24 of the code. Eligible services shall be identified as required or allowable pursuant to R 325.13055 and R 325.13057.

History: 1981 AACS.

R 325.13053 Definitions.

Rule 3. (1) As used in these rules:

(a) "Code" means Act No. 368 of the Public Acts of 1978, as amended, being S333.1101 et seq. of the Michigan Compiled Laws.

(b) "Cost sharing" means the cost reimbursement system established pursuant to sections 2471 to 2498 of the code.

(c) "Allowable service" means a health service delivered in a city, county, district, or part thereof, which is not a required service but which the department determines is eligible for cost reimbursement pursuant to sections 2471 to 2498 of the code and these rules.

(d) "Required service" means a local health service specifically required pursuant to part 24 of the code or specifically required elsewhere in state law, except a service specifically excluded by part 24 of these rules.

(2) Unless the context requires otherwise, terms defined in the code have the same meanings when used in these rules.

History: 1981 AACS.

R 325.13055 Delivery of services.

Rule 5. A local health department shall ensure the delivery of the following services pursuant to an annual agreement with the department:

(a) Basic health services delivered by or through a local health department designated pursuant to part 23 of the code.

(b) Additional services designated pursuant to R 325.13057.

History: 1981 AACS.

R 325.13057 Process for determining required and allowable services.

Rule 7. (1) Each year, the director shall appoint the part 24 committee to review the services performed by local health departments. The committee shall include chairpersons of the state and local committees responsible for developing state and local health service analyses and shall have equal state and local representation, including a representative from each department bureau, the Michigan association of boards of health, and the Michigan association of counties. The committee shall recommend to the director those services which should be considered required and allowable for inclusion in cost sharing.

(2) The process for recommending required services shall include a review of those services specifically identified in the code or elsewhere in state law and those services considered essential to fulfill the responsibilities of section 2433 of the code. The list of required services recommended to the director shall be based on the criteria prescribed in R 325.13059.

(3) Considering the recommendations of the part 24 committee and, in the case of required services, the criteria prescribed in R 325.13059, the director shall annually specify the required and allowable services.

History: 1981 AACS.

R 325.13059 Required services.

Rule 9. Required services should be kept to a minimum in order to retain maximum flexibility at the local level. The criteria for determining a required service may include the following:

- (a) Whether the service responds to a statewide priority health problem.
- (b) Whether the service has a statutory responsibility identified for local health departments.
- (c) Whether the service has a significant impact on the community or personal health problems.
- (d) Whether the service can be delivered effectively at a reasonable cost to a substantial portion of the population.
- (e) Other criteria as specified by the part 24 committee or director, or both.

History: 1981 AACS.

R 325.13061 Exclusions.

Rule 11. (1) Expenditures for services not specified in R 325.13055 or R 325.13057 are not eligible for cost-sharing reimbursement.

(2) In addition to the exclusions set forth in the code and subrule (1) of this rule, the department, in consultation with local health departments, shall annually determine other expenditures to be excluded from cost-sharing reimbursement. Expenditures excluded under this subrule shall be identified in department instructions for cost-sharing agreements.

History: 1981 AACS.

R 325.13063 Standards for cost-shared services.

Rule 13. Standards for scope, quality, and administration of cost-shared services shall be based on service analyses approved through an annual state and local process determined by the department.

History: 1981 AACS.

R 325.13065 Reasonable and allowable costs.

Rule 15. (1) Subject to the availability of funds, the department shall reimburse a local governing entity for the reasonable and allowable costs of providing required and allowable services. The reasonable and allowable costs of such services shall be defined in the department instructions for the cost-sharing agreement.

(2) In developing the instructions for determining whether a cost is reasonable and allowable, the department shall maintain consistency with applicable cost principles as defined in the instructions for the cost-sharing agreements and shall consult with local health departments to avoid unnecessary duplication of effort and to facilitate local administration of programs funded by multiple sources.

(3) Reasonable costs shall include costs that are necessary and proper for the efficient provision of required and allowable health services and costs that do not exceed the amount which a prudent buyer would pay for a given item or service. The application of this prudent buyer principle may include such techniques as determining the existence of fair competition and arms-length transactions in procurement

and comparing the cost of services with other health service providers using such factors as local health department size, geographical location, scope of services, level of care, and utilization.

(4) Allowable costs shall include costs which are determined to be appropriate for the provision of required and allowable health services and which are not excluded from cost sharing as prescribed in the code and in R 325.13061.

History: 1981 AACS.

R 325.13067 Agreements.

Rule 17. The department may enter annually into an agreement with each local governing entity or, in the case of a district health department, the district board of health, or both, for the purpose of sharing the cost of eligible health services provided by or through a local health department in accordance with these rules for such agreements as determined by the department after consultation with local health departments.

History: 1981 AACS.

R 325.13069 Maintenance of local effort compliance.

Rule 19. The department shall determine that local appropriations expended by or through each local health department to support required and allowable services meet the maintenance of local effort provisions of the code and are in accordance with the cost-shared service agreement. In determining compliance with local maintenance of effort for support of services, the department shall adjust base year local expenditures by economic factors most recently determined by the Michigan department of management and budget, office of the budget, used in developing the state's annual budget requirements in use at the time of the determination. Where local effort is not maintained due to extraordinary circumstances, the department may waive this requirement if criteria approved by the director are complied with.

History: 1981 AACS.

R 325.13071 Reallocation of cost-shared funds.

Rule 21. Cost-shared funds may be reallocated through the local health department to another local entity to assist the local health department in the delivery of required or allowable services. A local written agreement shall be executed describing the responsibilities of both parties in accordance with the cost-sharing agreement, applicable instructions, and criteria.

History: 1981 AACS.