
FISCAL TOPICS

Fiscal Services Division

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Iowa's Mental Health and Disability Services (MHDS) Commission

Summary

[Iowa's Mental Health and Disability Services \(MHDS\) Commission](#) is the State policymaking body for services to persons with mental illness, intellectual disabilities, developmental disabilities, or brain injuries, and is authorized by Iowa Code section [225C.5](#). The MHDS Commission administers policies for the 14 MHDS [regions](#) that are funded by the State through the MHDS Regional Services Fund. The regions provide locally delivered mental health and disability services, including a set of core services mandated in the Iowa Code, to Iowa residents regardless of the location of their residence.

Background

The MHDS Commission was created in 1981 Iowa Acts, [chapter 78](#), and currently consists of 18 voting members appointed by the Governor and confirmed by a two-thirds vote of the Senate who oversee policymaking for the 14 MHDS regions. An updated MHDS regional map can be found [here](#).

Regional core services are defined in Iowa Code section [331.397](#), and include treatment for mental illness, basic crisis response, support for community living, support for employment or for activities leading to employment, recovery services, and service coordination. Physical infrastructure locations and services mandated by the Iowa Code, and dependent on funding, also include access centers with 16 beds or fewer, assertive community treatment services, comprehensive facility and community-based crisis services, subacute services, and intensive residential service homes that operate 24 hours per day. The 2023 Iowa Acts, [House File 471](#) (Health and Human Services Omnibus Act), added new requirements for outpatient competency restoration (OCR) to the list of core services required by the MHDS regions.

The [Iowa Department of Health and Human Services \(HHS\)](#) helps to administer and provide technical assistance to the Commission and its activities, including to the regions. County governments are required to enter into Iowa Code chapter [28E](#) regional governance agreements with the region to which the government is assigned by the State in order to receive funding for regional mental health services. Once assigned to a region, counties, acting jointly as the region, must create a management plan, which includes an annual service and budget plan; a policies and procedural manual; an annual report; and a scope and location of services, including additional services beyond the core services outlined in Iowa Code.

Previously, MHDS regions were funded through local property taxes, which is outlined in a 2019 [Issue Review](#) (Adult Mental Health and Disability Services System Funding History). Beginning with the 2021 Iowa Acts, [Senate File 619](#) (Taxation and Other Provisions Act), regional funding was altered from local funding sources to the State General Fund. The Act created a new Mental Health and Disability Services Regional Services Fund and established a General Fund standing appropriation to the HHS for distribution to the MHDS regions using the following per capita amounts:

More Information

Iowa MHDS Commission: hhs.iowa.gov/about/mhds-advisory-groups/commission
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- \$15.86 for FY 2022
- \$38.00 for FY 2023
- \$40.00 for FY 2024
- \$42.00 for FY 2025
- Beginning in FY 2026 and beyond, the previous year's appropriation is multiplied by a growth factor indexed to sales tax growth for the preceding fiscal year, not to exceed 1.5%.

Senate File 619 also created a new MHDS Regional Incentive Fund to provide additional funding to the MHDS regions and specified the criteria in which an MHDS region may apply for funding. The Act made an FY 2022 General Fund appropriation of \$3.0 million to the Incentive Fund. Beginning in FY 2026, any funds remaining in the Incentive Fund will be multiplied by a growth factor, not to exceed 3.5% in a fiscal year, equal to the sales tax growth rate for the preceding fiscal year, minus 1.5%. The HHS is responsible for making decisions on whether to accept or reject submissions for Incentive Fund applications. To receive funds, a region must demonstrate that it has met the standards outlined in the region's performance-based contract and have fund balances below thresholds specified in Senate File 619.

Senate File 619 required all county fund balances to be pooled by the MHDS region. Regional fund balances were limited to 40.0% of the preceding fiscal year's actual expenditures beginning in FY 2022. In FY 2023, fund balances were limited to 20.0%, and in FY 2024 and beyond, fund balances are limited to 5.0% of the preceding fiscal year's actual expenditures. State per capita appropriations to an MHDS region are reduced if the MHDS region has a fund balance in excess of the fund balance cap specified in Senate File 619. The MHDS regions are required to pay back any funds received in the first two quarters of the fiscal year if fund balances exceed the cap. Any funds paid back or withheld from the regions are distributed to the MHDS Regional Incentive Fund.

Funding

By calculating \$40.00 per capita for all Iowans in FY 2024, according to Senate File 619, a total of \$127.7 million was appropriated from the General Fund to the MHDS Regional Services Fund through the 2023 Iowa Acts, [Senate File 578](#) (FY 2024 Standings Appropriations Act), and disseminated to the MHDS regions. No appropriation was made to the MHDS Regional Incentive Fund in FY 2024. According to current law, \$42.00 per capita will be appropriated to the MHDS Regional Services Fund for FY 2025.

Related Statutes and Administrative Rules

Iowa Code chapters [225](#) and [331](#)

Iowa Administrative Code [441 IAC 24](#)