

CHAPTER 318

HUMAN SERVICES APPROPRIATIONS AND OTHER PROVISIONS

S.F. 541

AN ACT relating to human services and making appropriations to the department of human services, other properly related matters, providing for retroactive applicability, and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I

Section 1. **AID TO FAMILIES WITH DEPENDENT CHILDREN.** There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For aid to families with dependent children:

..... \$ 44,726,207

1. The department may fund the cash bonus program from unspent funds under this appropriation. The department shall develop a methodology with the involvement of the legislative fiscal bureau to evaluate the cash bonus program and include a comparison between characteristics of participants in the program and recipients who do not participate. The evaluation shall assess the period of time between commencement of the program and October 1, 1989, and shall be submitted to the legislative fiscal bureau on or before November 30, 1989.

2. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall continue to contract for services in developing and monitoring a waiver program with a consortium of other states to facilitate providing assistance in self-employment to aid to dependent children families. Of the funds appropriated under this section, up to \$115,761 shall be used to provide technical assistance for aid to dependent children families seeking self-employment. The technical assistance may be provided through the department or through a contract with the division of job training of the department of economic development and through a contract with the corporation for enterprise development.

3. As a condition, qualification, and limitation of the funds appropriated in this section if funds are appropriated by the federal government for the purposes of this subsection, the department shall apply to the federal government for a demonstration waiver to develop a project to provide employment training to child support obligors where the obligees are recipients of aid to dependent children under chapter 239.

4. As a condition, qualification, and limitation of the funds appropriated in this section, the department may submit an application to the federal government for a waiver to develop a pilot project of part-time employment available to recipients of aid to dependent children on a voluntary basis. The department shall explore the potential for receiving assistance in preparing the waiver application from outside sources and the potential for receiving federal approval of the waiver. The department shall report to the general assembly on or before January 1, 1990, regarding its efforts to obtain the waiver and providing justification for its actions. The waiver application shall contain all of the following provisions:

a. Eligibility is limited to a recipient who is a single-parent head of household whose youngest child is less than three years of age. However, a recipient who is accepted as an eligible participant may continue to participate in the pilot project until the recipient's youngest child is six years of age.

b. Child care services shall be provided for a participant's minor dependents during the time the participant is working.

c. In determining a participant's eligibility for aid to dependent children under chapter 239, the department shall disregard income in the amount prescribed under the rule adopted pursuant to section 239.5, subsection 2, 441 Iowa administrative code, rule 41.7(2)(c)(2).

d. The pilot project shall be offered at several sites around the state.

e. The disregard of the participant's income shall continue so long as the participant continues to participate in the pilot project developed under this subsection.

5. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall expend up to \$120,000 to conduct a study to determine a new standard of need for eligibility purposes under the aid to dependent children program. The department shall also study the following characteristics of current recipients or former recipients of aid to dependent children:

- a. Demographic characteristics.
- b. The employment history of current recipients.
- c. The employment history of persons who become ineligible for assistance due to earned income.
- d. Characteristics of recipients who receive assistance for more than five years, in five-year increments, and of recipients who receive assistance for five years or less.

6. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall submit an application to the federal government for a waiver to apply the provisions of the self-employment investment demonstration project statewide, provided training is available to a recipient through a recognized self-employment training program.

7. As a condition, qualification, and limitation of the funds appropriated in this section, the schedule of basic needs under the aid to dependent children program for the fiscal year beginning July 1, 1989, is established for one person at \$176, for two persons at \$347, for three persons at \$410, for four persons at \$476, for five persons at \$527, for six persons at \$587, for seven persons at \$644, for eight persons at \$703, for nine persons at \$761, for ten persons at \$831, and for each additional person at \$83.

Sec. 2. MEDICAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For medical assistance, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary:

..... \$ 183,060,700

- 1. Medically necessary abortions are those performed under any of the following conditions:
 - a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.
 - b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.
 - c. The pregnancy is the result of a rape which is reported within forty-five days of the incident to a law enforcement agency or public or private health agency which may include a family physician.
 - d. The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.
 - e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled.

2. Of the funds appropriated in this section, not more than \$200,000 may be transferred to the Iowa department of public health for contingency state assistance for the federal program for women, infants, and children in order to allow the Iowa department of public health to fully use available funds under this program.

3. The department may implement mandatory enrollment of eligible clients into licensed health maintenance organizations where appropriate and consistent with federal guidelines. **However, a client in a voluntary county shall not be enrolled in a health maintenance organization unless the client has submitted a signed statement expressing the client's desire to enroll in the health maintenance organization. Clients shall continue to be eligible for the mental health services provided through community mental health centers without obtaining a referral from the health maintenance organization and the cost of the mental health services shall be billed directly to the medical assistance program.** The department shall track any savings realized by the use of the health maintenance organizations and shall annually

*Item veto; see message at end of the Act

submit to the legislative fiscal bureau the results of the client satisfaction survey required by the federal health care financing administration. The department shall report at the start of each calendar quarter, to the legislative fiscal bureau regarding cost savings.

4. As a condition, qualification, and limitation of the funds appropriated in this section, the department, in cooperation with the Iowa department of public health and the department of elder affairs, shall seek federal approval of a home and community-based waiver under Title XIX of the federal Social Security Act to provide cost-effective alternative services for elderly persons who meet criteria for placement in a medical institution.

5. Notwithstanding section 8.39, the department may transfer funds appropriated under this section to a separate account established in the division of community services for expenditures required to provide case management services pursuant to section 23 of this Act, pending final settlement of the expenditures. Funds received by the division of community services in settlement of the expenditures shall be used to replace the transferred funds and are available for the purposes for which the funds were appropriated under this section.

6. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall provide to an area education agency the verified federal Medicaid number of a child who is eligible for medical assistance under chapter 249A and requires special education services if a special education service for which the child is eligible is provided under a federally funded health care program. If it is permitted under federal confidentiality provisions, an area education agency may view the department's records pertaining to the child or the child's parent or guardian.

7. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall continue medical assistance to pregnant women and infants under provisions in effect on March 1, 1989, and shall establish presumptive and continuing eligibility for pregnant women. A signed statement from a maternal health center, family planning agency, physician's office, or other physician-directed qualifying provider as specified under the federal Social Security Act, § 1902, shall serve as verification of pregnancy for the purpose of establishing eligibility for pregnant women under the medical assistance program.

8. Of the funds appropriated in this section, \$55,000 is set aside for the net additional expense to the state for hospice services which, effective January 1, 1990, shall be included as an eligible service under the medical assistance program.

9. As a condition, qualification, and limitation of the funds appropriated in this section, effective July 1, 1989, a person, regardless of the source of the person's payment, shall be evaluated prior to admission to an intermediate care facility or a skilled nursing facility to determine whether the person has mental retardation, mental illness, or a related condition. If the evaluation identifies the existence or suspected existence of one of the conditions, the person shall not be admitted to the facility unless the Iowa foundation for medical care, at the direction of the division of mental health, mental retardation, and developmental disabilities, determines that the person was appropriately evaluated and the facility is able to fulfill the person's service needs as identified by the evaluation.

10. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall seek federal approval of a home and community-based waiver under Title XIX of the federal Social Security Act to provide cost-effective alternative services to persons with acquired immune deficiency syndrome who meet criteria for placement in a medical institution.

11. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall continue developing policies and procedures to implement a physician case management program for selected medical assistance recipients. The program shall be continued for a period of at least twenty-four months subsequent to the date of implementation and if necessary the department may seek approval for extension of any federal waiver related to this program.

12. Of the funds appropriated in this section, up to \$18,000 may be used for funding of the three full-time equivalent positions assigned to the bureau of medical assistance under the appropriation for general administration in this Act. Quarterly, the department shall provide the chairpersons and ranking members of the legislative fiscal committee, the members of the

joint appropriations subcommittee on human services, and the legislative fiscal bureau with an accounting of the three positions including their cost to the state and the amount of recovery obtained for the state in reduced medical assistance expenditures.

13. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall report at least quarterly to the chairpersons and ranking members of the legislative fiscal committee, the members of the joint appropriations subcommittee on human services, and the legislative fiscal bureau regarding medical assistance expenditures. The report shall show actual expenditures according to eligibility groups and service definition and the original expenditure estimates on which the budget was based. Upon request, the department shall provide members of the general assembly with detailed monthly reports regarding expenditures for the medical assistance program and the aid to dependent children program.

14. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall reimburse an ambulance service for transporting a medical assistance recipient from a location other than a medical institution to a hospital regardless of a determination of medical necessity. However, the department shall develop methods to reduce recipient usage of ambulance services for reasons other than medical necessity, including notification of recipients who have received ambulance services that were not considered to be a medical necessity and ambulance services that have provided such services.

Sec. 3. MEDICAL CONTRACTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For medical contracts:

..... \$ 4,164,800

As a condition, qualification, and limitation of the funds appropriated in this section, up to \$50,000 shall be used to expand the drug utilization review program, up to \$82,500 shall be used for presumptive eligibility for pregnant women, and up to \$98,600 shall be used for physician case management.

Sec. 4. STATE SUPPLEMENTARY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For state supplementary assistance:

..... \$ 17,212,888

1. As a condition, qualification, and limitation of the funds appropriated in this section, the department, in cooperation with representatives of advocate organizations, consumers, county government, and provider organizations shall study methods of increasing the flexibility of the state supplementary assistance program by developing new options for promoting and enhancing independent living in less restrictive environments. The new options studied shall include but are not limited to a review of semi-independent living and cooperative housing projects in terms of appropriate care and cost. The department shall report the results of the study to the general assembly by January 1, 1990. Not more than \$30,000 shall be expended on costs related to the study.

2. As a condition, qualification, and limitation of the funds appropriated in this section, \$110,000 is allocated to provide supplemental payments to providers of services to persons with mental retardation, a developmental disability, or mental illness who are considered to be "difficult to serve". Providers shall be paid in accordance with criteria established by the department in cooperation with representatives of advocate organizations, consumers, county government, and provider organizations. The department shall report to the chairpersons and ranking members of the fiscal committee of the legislative council, the members of the joint appropriations subcommittee on human services, and the legislative fiscal bureau regarding progress in implementing the provision of the supplemental payments. The reports shall be submitted in 1990 on January 1, March 1, and June 1.

*Item veto; see message at end of the Act

3. The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security and federal Social Security benefits are increased due to a recognized increase in the cost of living.

Sec. 5. AID TO INDIANS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For aid to Indians under section 252.43:	\$	36,365
.....		
The tribal council shall not use more than ten percent of the funds for administration purposes.		

DIVISION II

Sec. 6. CHILD DAY CARE ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child day care assistance:

1. For grants to public agencies and private nonprofit organizations which provide child day care and dependent adult care resource and referral programs:	\$	250,000
.....		
2. For protective child care assistance:	\$	2,308,295
.....		
3. For state child day care assistance:	\$	3,986,108

a. Notwithstanding section 237A.13, twenty-five percent of the funds not otherwise allocated in this subsection shall be allocated to counties according to a formula based upon the number of children in a county whose family income is equal to or less than one hundred fifty percent of federal office of management and budget poverty guidelines. Seventy-five percent of the funds not otherwise allocated in this subsection shall be allocated to counties based upon the department's estimate of a county's expenditures for child day care assistance during the fiscal year which ended June 30, 1989. The funds allocated to a county shall not be less than the county's allocation of funding for state child day care assistance in the fiscal year which ended June 30, 1989. However, the department may transfer funds which are not used by a county to a county in which there is a demonstrated need.

b. Nothing in this subsection shall be construed or is intended as, or shall imply a grant of entitlement for services to persons who are eligible for assistance due to an income level which is equal to or less than one hundred fifty percent of the federal office of management and budget poverty guidelines for families. Any state obligation to provide services pursuant to this section is limited to the extent of the funds appropriated under this section.

c. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall review the reimbursement schedule used for reimbursement of satellite child day care homes.

4. For transitional child care assistance:	\$	2,600,000
.....		

a. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall work with the legislative fiscal bureau to develop a means to measure the effect of transitional child care assistance upon the number of aid to dependent children recipients and upon the economic status of the persons who receive the assistance.

b. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall implement an advertising and marketing program which covers each county in the state and is designed to inform eligible persons and service providers regarding transitional child care assistance. The advertising shall employ electronic and print media and may utilize direct mail.

5. For grants to fund costs relating to child day care, start-up, fire safety, equipment, and training:

..... \$ 606,125

As a condition, qualification, and limitation of the funds appropriated in this section, the department shall adopt rules to implement this subsection, including a provision that the maximum amount granted to a grantee is \$10,000.

6. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall adopt rules relating to the purchase of child day care services which authorize payment for up to four days per month for days an individual child is not in attendance at the child day care facility.

7. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall notify the chairpersons and ranking members of the legislative fiscal committee and the members of the joint appropriations subcommittee on human services regarding any changes made to the allocations of funds in this section.

8. Funds appropriated under this section may be used for reimbursement of a child day care program established by a school pursuant to section 279.49.

Sec. 7. FAMILY DEVELOPMENT AND SELF-SUFFICIENCY GRANT PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the family development and self-sufficiency grant program as provided under sections 217.11 and 217.12:

..... \$ 890,000

Grants have been awarded on a three-year basis, subject to annual renewal, and the funds appropriated under this section shall be for support for the second twelve-month period a grant is in effect. The family development and self-sufficiency council shall allocate any funds appropriated in addition to the funds required to support the second twelve-month period for existing grants to increase the amounts of existing grants, to fund a grant application received during the initial year of the program which was not funded but which would provide service in a rural setting in the state, and to fund a new project designed as a county government and private sector initiative providing substantial county and private sector financial support. The council shall seek letters of intent for the project designed as a county government and private sector initiative and select a county to work with in the development of a program. The council shall ensure that the selected program utilizes state funds to supplement and not supplant funds available under the federal Job Training Partnership Act (JTPA) or other existing work and training programs, that the local JTPA program and other local programs are active participants in the selected program, and that the selected program does not duplicate programs that exist within the JTPA service delivery area in which the selected program is located. In awarding any additional moneys, the council shall give attention to ensuring that the funded projects reflect geographic, urban, rural, and ethnic representation. Any grant renewal, grant addition, or new grant shall be awarded on or before January 1, 1990. The council shall report by January 15, 1990, to the chairpersons and ranking members of the legislative fiscal committee, the members of the joint appropriations subcommittee on human services, and the legislative fiscal bureau regarding the distribution of the grant awards. No more than five percent of the funds appropriated under this section shall be used for administration of the program. Any federal financial participation received by the department for the family development and self-sufficiency grant program shall be used for the purposes designated under the appropriation for aid to dependent children.

Sec. 8. WORK AND TRAINING PROGRAMS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For the work incentive and JOBS programs:

..... § 1,930,636

**a. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall operate the work incentive program or the job opportunities and basic skills training (JOBS) program pursuant to the federal Family Support Act of 1988, Pub. L. No. 100-485, Title II, in counties in which the work incentive program was operated on July 1, 1988. The major emphases of the program shall be to improve employment skills and maximize participation in the individual education and training plan program or a similar JOBS program component while concentrating efforts on involving persons, who have a history of being difficult to employ, in long-term training and education activities. The individual education and training plan program shall continue to be operated by the department as a special need when the JOBS program is implemented. The department, in cooperation with recipients of aid to dependent children, human services advocates, and other interested parties, shall establish conciliation procedures for the JOBS program and shall implement the procedures concurrently with the program. The procedures shall be designed to ensure that the JOBS program goals are enhanced and that a dispute is resolved before a sanction is applied.*

*b. The department may implement the JOBS program for public assistance recipients in additional counties which were not served by the work incentive program on July 1, 1988, following receipt of recommendations from an affected county as to the most appropriate agency to operate the program in the county. The program may then be operated directly by the department or through a contract with the department of employment services and the Iowa department of economic development.**

c. Notwithstanding any provisions to the contrary under chapters 239 and 249C, the department is authorized to implement the job opportunities and basic skills training program pursuant to the federal Family Support Act of 1988, Pub. L. No. 100-485, Title II, as provided under this subsection and to implement the grant diversion program as provided under 441 Iowa administrative code, ch. 91, in a county to increase job opportunities for recipients of aid to dependent children.

d. Notwithstanding any provisions of law to the contrary, beginning October 1, 1989, the department may implement preeligibility fraud detection for the aid to dependent children program in accordance with the federal Family Support Act of 1988, Pub. L. No. 100-485, § 605.

e. Notwithstanding section 239.21, beginning April 1, 1990, the department shall implement the extended child care program in accordance with the federal Family Support Act of 1988, Pub. L. No. 100-485, Title III, § 302.

**f. Except as otherwise mandated by federal law, a recipient under the aid to dependent children program pursuant to chapter 239 who has a child less than three years of age shall not be required to participate in the JOBS program but shall be given priority if the recipient participates voluntarily. A parent who is less than eighteen years of age and has not completed high school or has not received a graduate equivalency diploma may be required to participate in activity leading to high school completion or a graduate equivalency diploma provided the department determines that the parent is able to successfully complete the activity and the parent is not participating in any other activity related to employment, training for employment, or life skills development designed to lead to greater self-sufficiency. Other persons who are not mandatory participants under the JOBS program shall not be required to participate. An eligible person shall not be required to participate for good cause if the person shows that the person's failure or refusal to participate is reasonable under the circumstances.*

g. The department may exceed the full-time equivalent position limit established for community services and may transfer funds necessary for staff and support to operate the work incentive program and JOBS program in accordance with this subsection.

*h. As a condition, qualification, and limitation of the funds appropriated in this section, in implementing the JOBS program, the department shall ensure that each participant receives a formal assessment and that an employability plan is completed with each participant. The employability plan shall contain an employment goal and the support services and the specific work or training activities necessary to attain the goal, with job search requirements imposed only if consistent with the participant's employability plan.**

*Item veto; see message at end of the Act

2. For the food stamp employment and training program:

.....	\$	159,053
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Sec. 9. CHILD SUPPORT RECOVERY. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child support recoveries, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	956,174
.....	FTEs	165.00

1. The director of human services, within the limitations of the funds appropriated in this section, or funds transferred from the aid to dependent children program for this purpose, may establish new positions and add additional employees to the child support recovery unit when the director determines that both the current and additional employees together can reasonably be expected to recover for the aid to dependent children program and the nonpublic assistance support recovery program more than twice the amount of money required to pay the salaries and support for both the current and additional employees. The department shall demonstrate the cost-effectiveness of the current and additional employees by reporting to the joint appropriations subcommittee on human services the ratio of the total amount of administrative costs for child support recoveries to the total amount of the child support recoveries.

2. The department may enter a cooperative agreement with the judicial department to establish and fund a pilot project of expedited child support orders and modifications. The department may transfer funds appropriated under this section for purposes of implementing the pilot project.

3. The department shall develop and implement a public information and awareness plan to inform and educate responsible parents of the obligation to support their dependent children and of methods used to enforce the obligation, to provide information to custodial parents of services available through the child support recovery unit, and to inform parents of procedures to be followed to modify a child support obligation. The department shall invite participation in the development of the plan from public and private agencies, schools, and other organizations with an interest in child support, public information, and education. The department shall utilize existing public and private resource entities to implement the plan.

4. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall review existing policies and procedures relating to paternity establishment and develop new procedures as necessary to fully inform a putative father of the implications of voluntarily stipulating to paternity. The procedures shall include the issuance of notices to putative fathers regarding their rights and responsibilities if paternity is legally established, the degree of accuracy of blood testing procedures in determining paternity, rights in requesting or submitting to blood testing, and other legal choices available to putative fathers in the paternity establishment process, including the right to counsel and advice. The department shall involve interested groups and organizations in the development of the procedures.

Sec. 10. COLLECTION SERVICES CENTER. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the collection services center, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	285,246
.....	FTEs	28.00

DIVISION III

Sec. 11. JUVENILE INSTITUTIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the operation of the state training school and the Iowa juvenile home, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

- 1. For the Iowa juvenile home at Toledo:

	\$	3,985,480
	FTEs	123.5
- 2. For the state training school at Eldora:

	\$	6,953,834
	FTEs	224.0

3. By October 1, 1989, the department of human services and the judicial department shall set population goals for the number of juveniles which may be placed at one time at the state training school at Eldora and at the Iowa juvenile home at Toledo and shall develop a plan to achieve the goals, including the identification of additional placement services required to achieve the goals.

4. The department shall develop a procedure to determine if a juvenile who is ordered to be placed in a state juvenile institution would be more appropriately placed in a program which offers specific services related to the juvenile's substance abuse, mental health, developmental disability, or mental retardation. If the department determines that a more appropriate placement should be made, the department shall seek to obtain a modification of the court order to effect such placement.

5. It is the intent of the general assembly that the state training school be used for long-term placement of juveniles; that the length of time which a juvenile is placed at the state training school be based upon the juvenile's educational and training needs and the degree of threat to society caused by the child's presence outside of secure custody.

Sec. 12. FOSTER CARE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For foster care:

	\$	42,813,962
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1. Of the funds appropriated under this section, up to \$564,000 may be used by the department to provide enhanced funding of services to family foster homes to avert placement of children in group care facilities and at least \$450,000 shall be used to provide enhanced funding of services to group care facilities to avert placement of children in more expensive, less appropriate, or out-of-state facilities.

2. The department may use funds appropriated under this section to develop supplemental per diem or performance-based contracts with private group care providers for programs serving children who would otherwise be placed in a state juvenile institution or an out-of-state program. The department shall give priority to serving children whose placement at the state training school or the Iowa juvenile home would cause the state juvenile institution to exceed the population goal established under section 11 of this Act.

3. The department may transfer a portion of the funds appropriated under this section to provide subsidized adoption services or to purchase adoption services, if funds allocated under this section for adoption services are insufficient.

4. The department and state court administrator shall work together in implementing an agreement which enables the state to receive funding for eligible cases under the federal Social Security Act, Title IV-E.

5. No more than thirty percent of children placed in foster care funded under the federal Social Security Act, Title IV-E, shall be placed in foster care for a period of more than twenty-four months.

6. Of the funds appropriated under this section, \$165,000 is allocated for the foster home insurance fund. Notwithstanding section 237.13, the department may use funds appropriated under this section to purchase liability insurance for licensed foster parents in lieu of providing payment for claims filed against the foster home insurance fund, if comparable coverage can be obtained through private insurance. **Notwithstanding section 8.33, funds remaining in the foster home insurance fund shall not revert to the general fund on June 30, 1990, but shall remain available in the following fiscal year for the purposes designated.**

7. As a condition, qualification, and limitation of the funds appropriated under this section, \$30,000 may be used by the department to contract for the development of a methodology to purchase foster care services based upon the difficulty of caring for a child and the level of services needed by the child.

8. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall continue the demonstration program to decategorize child welfare services in the two counties in which the program has commenced. The department shall implement the demonstration program in Dubuque and Pottawattamie counties, which have submitted letters of intent, if the department, the boards of supervisors in the counties, and the affected judicial districts agree to implement the program. The schedule for implementing the demonstration program in the two additional counties shall provide that the program be implemented on or after June 30, 1990. The department shall establish for the demonstration project counties a child welfare fund composed of all or part of the amount that would otherwise be expected to be used for residents of the counties for foster care, family-centered services, subsidized adoption, day care, local purchase of services, juvenile institutional care, mental health institute care, state hospital-school care, juvenile detention, department-direct services, and juvenile justice county-based reimbursable services and notwithstanding any other provision of law, the fund shall be considered encumbered. With the approval of the department, a demonstration project county may elect to transfer to the child welfare fund other child welfare funding provided for treatment services to youth under Title XIX of the federal Social Security Act, including funding for psychiatric hospital services. Notwithstanding other service funding provisions in law, the department shall establish the fund by transferring funds from the budgets affected, except for the funds appropriated for the state mental health institutes, the state hospital-schools, the state training school, and the Iowa juvenile home which shall remain on account for the county at these institutions. The department and each demonstration project county shall quarterly determine if the county will not draw down the amounts from the county's accounts at the state institutions. **If there is an overall surplus in the county's accounts for the quarter, the department shall transfer an amount equal to the surplus to the county's child welfare fund from the state foster care appropriation.** The child welfare fund may be used to support services and payment rates not allowable within historical program or service categories. The department shall work with demonstration project county boards of supervisors and judicial districts to provide training for the project, and shall use technical assistance provided by the national conference of state legislatures and the center for the study of social policy. It is the intent of the general assembly that the demonstration program be designed to operate in a county for a three-year period. **If a demonstration project county experiences increases in demand for services funded from the county's child welfare fund beyond projected need despite efforts by the county to maintain expenditures within the funds available, the conditions shall be evaluated by the statewide decategorization committee. If the committee determines that a deficit will occur, the department shall request a supplemental appropriation in the amount of the fund's projected deficit.**

9. The department of human services, the judicial department, the department of education, and representatives of service providers shall continue the committee on children with special service needs. The committee shall be responsible to find placements for children who have exceptional service needs or who have been rejected in previous referrals and who may be at risk of being placed out of state.

10. As a condition, qualification, and limitation of the appropriation made under this section, \$30,000 may be used by the department to contract with universities to provide ongoing research and evaluation assistance to programs and initiatives of the department involving family-centered services and foster care. The contracts shall make maximum use of any matching resources available from the universities with which the department contracts.

11. Of the funds appropriated in this section, \$30,000 is allocated to provide special needs grants to families with a family member at home who is developmentally disabled. Grants must be used by a family to defray special costs of caring for the family member to prevent out-of-home placement of the family member. The grants may be administered by a private nonprofit agency provided that no administrative costs are received by the agency. Regular reports regarding coordination of the special needs grants with the family support subsidy program shall be provided to the legislative fiscal bureau.

12. Of the funds appropriated in this section, \$175,000 is allocated to provide funding for a grant to a private group foster care agency to complete construction of a new group care facility. Notwithstanding section 18.6, the funding shall be provided to a private group foster care agency which received a grant of \$300,000 to begin construction from the department of economic development.

13. The department may use a portion of the funds appropriated in this section to purchase special services in order to demonstrate whether the services can prevent out-of-home shelter care.

Sec. 13. CHILD PROTECTIVE SYSTEM IMPROVEMENTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For improvements in the state system for child protection:

1. For improvements in decategorization counties:

..... \$ 100,000

Of the funds appropriated by this subsection, \$65,000 is allocated to Polk county and \$35,000 is allocated to Scott county to develop program innovations consistent with the recommendations contained in the Kempe National Center Report entitled "Study of Four Problem Areas in the Protection of Children in Iowa—1988" and the counties' efforts in decategorization of child welfare funding.

2. For general administration of the department to improve staff training efforts:

..... \$ 420,000

3. For funding of a new program manager position to oversee termination of parental rights and permanency planning efforts, and to fund one full-time equivalent position specializing in termination of parental rights cases on a pilot project basis in one district of the department on the condition that regular reports regarding the district's program efforts shall be provided to the legislative fiscal bureau:

..... \$ 75,000

4. For use by the department in updating manuals, automating procedures, developing outcome-oriented evaluation systems, and to fund a full-time equivalent position to promote innovative treatment programs, write grants to obtain federal and private funding, and promote public and private efforts to treat and prevent child abuse:

..... \$ 75,000

5. For personnel, assigned by the attorney general, to provide additional services with an emphasis on termination of parental rights cases within one district of the department:

..... \$ 75,000

6. For transfer to the foster care review board to provide a connecting link with the news media and the public regarding the foster care system and existing foster care cases:

..... \$ 10,000

7. For the establishment of a state multidisciplinary team to assist with difficult cases within the foster care system and with respect to child protective investigation and initial case planning and to develop and coordinate local multidisciplinary teams:

..... \$ 75,000

8. For additional child abuse prevention grants:

..... \$ 100,000

Sec. 14. HOME-BASED SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For home-based services on the condition that family planning services are funded, provided that if the department amends the allocation to a program funded under this section, then the department shall promptly notify the legislative fiscal bureau of the change:

..... \$ 8,333,382

Of the funds appropriated in this section, \$1,892,800 shall be used for family preservation and reunification services pilot projects. A portion of the funds shall be used to maintain service levels in existing family preservation projects and to expand the projects to provide post-placement reunification services to families participating in the projects. A portion of the funds shall be used to contract for the purchase of family preservation services in up to three additional districts of the department in which the services are not being offered. Following review by the statewide family preservation and decategorization committee, the department may directly provide services in one of the three additional districts. A limited amount of the funds may be used to provide other resources required for a family participating in a project to stay together or to be reunified. Not more than \$50,000 shall be used to provide training for pilot project employees. The payment system for the project shall not be based upon units of time, but may be based upon the cost to serve a family, including adjustments according to the provider's performance and the outcome of the services provided to each family. It is the intent of the general assembly that the three-year evaluation of this initiative be continued to assess impact and cost-effectiveness and that the department seek additional assistance from the division of criminal and juvenile justice planning of the department of human rights in evaluating both this initiative and the decategorization projects. The department shall continue to develop both the family preservation and the decategorization projects in consultation with professionals in the child welfare field and using outside technical assistance from the national conference of state legislatures and the center for the study of social policy. The department shall use the family preservation and decategorization committee to assist in selecting additional projects.

Sec. 15. COMMUNITY-BASED PROGRAMS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For community-based programs on the condition that the prevention grants relating to adolescent pregnancy under subsection 2 of this section are funded:

..... \$ 2,307,907

1. As a condition, qualification, and limitation of the funds appropriated by this section, up to \$13,500 shall be used by the department as the entitled aid from the state under section 232.142, subsection 3, for the cost of the establishment, improvement, operation, and maintenance of approved county or multicounty juvenile homes.

2. Of the funds appropriated under this section, \$500,000 shall be used for adolescent pregnancy prevention grants. At least seventy-five percent of the funds shall be used for programs which incorporate family planning and pregnancy prevention services as the major component of the program. The department shall not expend more than seven percent of the funds for administrative costs. The department shall adopt rules to implement this subsection. A grant

may be awarded to a public school corporation, an adolescent services provider, or a nonprofit organization which is involved in adolescent issues. Grants shall be awarded for a one-year period and targeted to provide services primarily in the seven counties with the greatest incidence of adolescent pregnancy. Preference in awarding grants shall be given to projects which utilize a variety of community resources and agencies.

a. As used in this subsection, "adolescent" means a person who is less than eighteen years of age or a person who is attending an accredited high school and pursuing a course of study which will lead to a high school diploma or its equivalent. The department shall establish guidelines which permit a grant recipient to continue providing services to a person who receives services under the grant as an adolescent and becomes eighteen years of age or older.

b. A grant shall only be awarded to a project which provides one or more of the following services:

(1) Workshops and information programs for adolescents and parents of adolescents to improve communication between children and parents regarding human sexuality issues.

(2) Development and distribution of informational material designed to discourage adolescent sexual activity and to encourage male and female adolescents to assume responsibility for their sexual activity and parenting.

(3) Early pregnancy detection, prenatal services including chlamydia testing, and counseling regarding decision-making options for pregnant adolescents.

(4) Case management and child care services provided to male and female adolescent parents.

c. Additional services may be offered by a grantee pursuant to a purchase of service contract with the department including any of the following: child day care services; child development and parenting instruction; services to support high school completion, job training, and job placement; prevention of additional pregnancies during adolescence; and other personal services.

3. As a condition, qualification, and limitation of the funds appropriated by this section, \$350,686 shall be used by the department for child abuse prevention grants.

Sec. 16. BLOCK GRANT SUPPLEMENTATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For supplementation of federal social services block grant funds and for allocation to the various counties for the purchase of local services:

..... \$ 3,852,357

1. The funds appropriated in this section shall be allocated to the counties pursuant to the rules of the department in effect on January 1, 1985. The department shall increase the income guidelines for income eligible persons receiving services funded with federal social services block grant funds for the fiscal year beginning July 1, 1989, by the same percentage and at the same time as federal social security benefits are increased due to a recognized increase in the cost of living.

2. As a condition, qualification, and limitation of the funds appropriated in this section, the department, in cooperation with representatives of advocate organizations, consumers, county government, and provider organizations, shall consider methods for increasing the flexibility of the social services block grant purchase of local services allocation by developing new options to promote greater integration into the community of clients who receive services under the grant. The new options to be considered for inclusion under the social services block grant purchase of local services allocation shall include but are not limited to supported work training and supported employment. The department may implement the recommendations during the fiscal year which begins on July 1, 1989.

3. As a condition, qualification, and limitation of the funds appropriated in this section, the state shall adopt rules for standards applied to intermediate care facilities for the mentally retarded which provide for facility standards which are equal to the federal facility standards for this type of facility.

Sec. 17. JUVENILE JUSTICE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For juvenile justice reimbursement to counties under section 232.141, subsection 2:
 \$ 4,713,200

Sec. 18. IOWA VETERANS HOME. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For operation of the Iowa veterans home, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:
 \$ 27,029,775
 FTEs 832.16

The department may use the gifts accepted by the director of human services pursuant to section 218.96 and other resources available to the department for use at the Iowa veterans home for purposes identified by the department.

DIVISION IV

Sec. 19. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the state mental health institutes for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

1. State mental health institute at Cherokee:
 \$ 13,178,065
 FTEs 379.4
2. State mental health institute at Clarinda:
 \$ 7,052,997
 FTEs 194.11
3. State mental health institute at Independence:
 \$ 13,914,096
 FTEs 417.22
4. State mental health institute at Mount Pleasant:
 \$ 7,640,971
 FTEs 200.49
5. For staff and support relating to fulfilling requirements ordered for certification standards:
 \$ 200,000

6. As a condition, qualification, and limitation of the funds appropriated in subsections 1 and 3, the department shall track the sources of referrals to the secure ward for children developed at the state mental health institute at Independence and of children placed in a secure ward with adults at the state mental health institute at Cherokee. The department shall develop an admission criteria to restrict the number of children who can be placed in a secure ward and collect data on the characteristics of the children placed in the ward including classification of illness. A report shall be submitted to the legislative fiscal bureau on or before January 15, 1990, regarding the data collected during the period beginning July 1, 1989, and ending December 31, 1989. The department shall adopt rules pursuant to chapter 17A which take effect October 1, 1989, and prohibit the placement of a child in a secure ward with adults in the state mental health institute at Independence.

Sec. 20. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the state hospital-schools, for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

- 1. State hospital-school at Glenwood:

.....	\$	36,120,355
.....	FTEs	1,190.5

- 2. State hospital-school at Woodward:

.....	\$	28,760,958
.....	FTEs	946.5

As a condition, qualification, and limitation of the funds appropriated in this section, one unit of a state hospital-school which is open on June 30, 1989, shall be closed during the fiscal year which begins July 1, 1989.

Sec. 21. MENTAL HEALTH AND RETARDATION SERVICES FUND. There is appropriated from the general fund of the state to the state community mental health and mental retardation services fund established in section 225C.7 for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary:

.....	\$	3,205,000
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Sec. 22. FAMILY SUPPORT SUBSIDY PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the family support subsidy program:

.....	\$	400,000
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For the fiscal year beginning July 1, 1989, the governor's planning council for developmental disabilities shall conduct the evaluation of the family support subsidy program required of the department pursuant to section 225C.42.

Sec. 23. ENHANCED MENTAL HEALTH — MENTAL RETARDATION — DEVELOPMENTAL DISABILITIES SERVICES. There is appropriated from the general fund of the state to the state candidate services fund for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary to be used by the department of human services for the purposes designated:

.....	\$	4,779,600
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1. The enhanced mental health, mental retardation, and developmental disabilities services plan oversight committee is continued, as established under 1988 Iowa Acts, chapter 1276, section 14, subsection 1, for the fiscal year which begins July 1, 1989, and ends June 30, 1990. The committee shall complete all of the following responsibilities:

a. Take action on whether to include behavior management as a candidate service in an amendment to the state Title XIX plan, to develop a federal waiver request for behavior management as a candidate service, or to take no action to include behavior management as a covered service. Decisions shall be based upon a determination of the availability of funds for the non-federal share of the cost of the service.

b. Explore and make recommendations regarding the submission of a request for a Title XIX plan waiver for any candidate services which are not accepted by the federal government as a state plan amendment.

c. Review and make recommendations regarding the county case management implementation plan and budget to the state mental health and mental retardation commission.

d. Track the expenditures for, and utilization of, candidate services. Report a variance in an approved plan to the governor, the legislative fiscal bureau, and each county.

e. Recommend action regarding variations from the budgeted, appropriated, and identified expenditures and projected expenditure offsets to the council on human services and the state mental health and mental retardation commission.

f. Submit a report regarding the results of the implementation of the provisions of this section, including the impact upon the institutional populations, to the governor and the general assembly. The report shall contain recommendations regarding continuing the provisions of this section in subsequent budget years.

g. Recommend rules, or amendments to existing rules, which implement the provisions of this section, to the council on human services and the state mental health and mental retardation commission.

h. Issue a final decision regarding any issue of disagreement between a county and the department relating to expenditures for candidate services or the county's maintenance of effort.

2. For purposes of this section, "candidate services" means **rehabilitation services,** day treatment, partial hospitalization, and case management. Behavior management services shall be included in the state Title XIX plan as a candidate service if recommended by the oversight committee.

If recommended by the oversight committee, the department shall seek Title XIX plan waivers for any of the candidate services which are not accepted by the federal government as a state plan amendment.

3. a. The county of legal settlement shall be billed for fifty percent of the nonfederal share of the cost of case management provided to adults, **rehabilitation services,** day treatment, and partial hospitalization provided under the medical assistance program for persons with mental retardation, a developmental disability, or chronic mental illness.

b. If the department has contracted with a county or a consortium of counties to be the provider of case management services, the department is responsible for any costs included within the unit rate for case management services which are disallowed for reimbursement pursuant to Title XIX of the federal Social Security Act by the federal health care financing administration. The department shall use funds appropriated under this section to credit a county for the county's share of any amounts overpaid due to the disallowed costs. If certain costs are disallowed due to requirements or preferences of a particular county in the provision of case management services the county shall receive no credit for the amount of the costs. This subsection is retroactive to April 1, 1989.

4. A county is responsible to continue to expend at least the agreed upon amount expended for candidate services in the fiscal year which ended June 30, 1987, for the fiscal year beginning July 1, 1989, for services to persons with mental retardation, a developmental disability, or chronic mental illness. If a county does not expend the agreed upon amount in the fiscal year, the balance not expended shall not revert to the general fund of the county, but shall be carried over to the next fiscal year to be expended for the provision of services to persons with mental retardation, a developmental disability, or mental illness including, but not limited to, the chronically mentally ill, and shall be used as additional funds. The additional funds shall be used, to the greatest extent possible, to meet unmet needs of persons with mental retardation, a developmental disability, or mental illness. This subsection does not relieve the county from any other funding obligations required by law, including but not limited to the obligations in section 222.60.

**5. a. Notwithstanding section 8.33, funds appropriated under this section which are not obligated or encumbered shall not revert to the general fund on September 30, 1990, but shall be deposited in the state community mental health and mental retardation services fund for use in the fiscal year beginning July 1, 1990. It is the intent of the general assembly that the funds deposited in the state community mental health and mental retardation services fund for this purpose shall be used in addition to moneys appropriated in the fiscal year beginning July 1, 1989, for this purpose.*

*Item veto; see message at end of the Act

*b. Notwithstanding section 8.39, funds appropriated to the department for the state hospital-schools by section 20 of this Act and to the state mental health institutes by section 19 of this Act shall not be subject to transfer, except to the state candidate services fund after January 1, 1990, subsequent to a reevaluation of the institutional budgets for the remainder of the fiscal year.**

6. The department, in conjunction with the oversight committee, and with the agreement of each county, shall establish the actual amount expended for each candidate service for persons with mental retardation, a developmental disability, or chronic mental illness in the fiscal year which ended June 30, 1987, and this amount shall be deemed each county's base year expenditure for the candidate service. A disagreement between the department and a county as to the actual amount expended shall be decided by the oversight committee.

The department, in conjunction with the oversight committee, and with the agreement of each county, shall determine the expenditures in the fiscal year beginning July 1, 1989, by each county for the candidate services, including the amount the county contributes under subsection 3. If the expenditures in the fiscal year beginning July 1, 1989, exceed the base year expenditures for candidate services, then the county shall receive from the funds appropriated under this section the least amount of the following:

a. The difference between the total expenditures for the candidate services in the fiscal year beginning July 1, 1989, and the base year expenditures.

b. The amount expended by the county under subsection 3.

c. The amount by which total expenditures for persons with mental retardation, a developmental disability, or chronic mental illness for the fiscal year beginning July 1, 1989, less any carryover amount from the fiscal year which began July 1, 1988, exceed the maintenance of effort expenditures under subsection 4.

7. Notwithstanding section 225C.20, case management services shall be provided by the department except when a county or a consortium of counties contracts with the department to provide the services. A county or consortium of counties may contract to be the provider at any time and the department shall agree to the contract so long as the contract meets the standards for case management adopted by the department. The county or consortium of counties may subcontract for the provision of case management services if the subcontract meets the same standards. A mental health, mental retardation, and developmental disabilities coordinating board may change the provider of individual case management services at any time. If the current or proposed contract is with the department, the coordinating board shall provide written notification of a proposed change to the department on or before August 15 and written notification of an approved change on or before October 15 in the fiscal year which precedes the fiscal year in which the change will take effect.

8. This section does not relieve the county from any other funding obligations required by law, including but not limited to the obligations in section 222.60.

9. Nothing in this Act is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this Act shall be construed, is intended, or shall imply a claim of entitlement to any programs or services specified in section 225C.28.

10. For the purposes of this section only, persons with organic mental disorders shall not be considered chronically mentally ill.

11. Where the department contracts with a county or consortium of counties to provide case management services, the state shall appear and defend the department's employees and agents acting in an official capacity on the department's behalf and the state shall indemnify the employees and agents for acts within the scope of their employment. The state's duties to defend and indemnify shall not apply if the conduct upon which any claim is based constitutes a willful and wanton act or omission or malfeasance in office.

*Item veto; see message at end of the Act

DIVISION V

Sec. 24. COMMUNITY SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for community services:

For field operations, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	37,807,767
.....	FTEs	2,228.50

1. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall provide an extensive orientation program for newly employed social workers in the area of community resource programs and shall provide assistance to each county board of social welfare to identify community resources in counties pursuant to section 234.11.

2. Staff who are designated as "Title XIX case management staff" are considered to be in addition to the limit for full-time equivalent positions and the funds appropriated for field operations. As a condition, qualification, and limitation of the funds appropriated in this section, the department shall report quarterly to the chairpersons and ranking members of the legislative fiscal committee of the legislative council, the members of the joint appropriations subcommittee on human services, and the legislative fiscal bureau regarding the total number of Title XIX case management staff positions filled, including the number of positions which were filled by persons who were already employed by the department in another capacity.

3. As a condition, qualification, and limitation of the funds appropriated in this section, upon the request of a county, the department shall work with the county to develop a funding plan for persons with mental retardation, a developmental disability, or chronic mental illness who are not eligible to receive case management provided under the medical assistance program and are receiving service management. With an agreed upon funding plan, the department is authorized to combine state funds that would otherwise be expended on service management with county funds to upgrade services provided to the persons from service management to case management. Staff required to implement this subsection are not subject to the limitations on full-time equivalent positions and funds appropriated for community services.

4. As a condition, qualification, and limitation of the funds appropriated in this section, if the division of community services staffing level meets the funded full-time equivalent position limit authorized under this section and a district identifies a critical position vacancy or a position with a caseweight factor greater than one hundred twenty percent of the budgeted caseweight factor for the position, the director of human services may exceed the full-time equivalent position limit authorized under this section in the amount necessary to fill the critical position vacancy or to reduce the caseweight factor to the budgeted level. For purposes of this subsection, "critical position vacancy" includes a clerical position in an office limited to a single clerical staff position. The budgeted caseweight factor for the fiscal year beginning July 1, 1989, and ending June 30, 1990, is 155 for income maintenance workers and 151 for social workers. The department shall report monthly to the legislative fiscal bureau regarding caseweight factor computations in each district, the statewide average caseweight factor, the existence of a critical vacancy in any district, and action taken by the department to address any critical position vacancy problem or excess caseweight factor.

Sec. 25. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For general administration, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	8,339,096
.....	FTEs	329.45

1. Full-time equivalent positions which are funded entirely with federal, public, or private grants, or the gambler's assistance fund established in section 99E.10 are exempt from the limits on the number of full-time equivalent positions provided in this section, but are approved only for the period of time for which the federal funds or grants are available for the position.

2. As a condition, qualification, and limitation of the funds appropriated in this section, one full-time equivalent position shall be filled by a housing specialist who is assigned to attract additional federal funding to increase low-income housing and to work with local governments and private agencies in developing additional housing for persons who are part of special populations, including but not limited to the mentally ill. The department of human services' housing specialist shall coordinate efforts with the Iowa finance authority and the housing specialist in the Iowa department of elder affairs. The department shall review the duties and program for a similar housing specialist position in the state of Oregon.

3. As a condition, qualification, and limitation of the funds appropriated in this section, three full-time equivalent positions shall be filled by staff assigned to the bureau of medical assistance to develop policies to improve medical assistance cost containment and increase the amount of federal reimbursement to the state. Other duties shall include but are not limited to improving oversight of health care, implementation of nursing home reform, reducing overutilization of health care services by specific individuals, reducing usage of services identified as high variation procedures, and developing proposals to seek federal reimbursement for services currently available but not reimbursed in the state, including hospice services.

4. As a condition, qualification, and limitation of the funds appropriated in this section, if a state institution administered by the department is to be closed or reduced in size, prior to the closing or reduction the department shall initiate and coordinate efforts in cooperation with the department of economic development to develop new jobs in the area in which the state institution is located.

5. Of the funds appropriated in this section, \$50,000 is allocated for the lease-purchase of teleconferencing equipment and as a condition, qualification, and limitation of the funds appropriated in this section, the funds allocated by this subsection shall only be used for the purpose stated in this subsection, shall revert to the general fund if not used for the purpose stated, and shall not be subject to transfer for any other purpose. If additional funds are needed for the lease-purchase of teleconferencing equipment, the department may use other funds appropriated in this section.

6. Of the funds appropriated in this section, \$25,000 is allocated for salary and support of an additional full-time equivalent position assigned to the department of public safety to process criminal history background checks for service providers related to the department of human services.

Sec. 26. VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1989, and ending June 30, 1990, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For development and coordination of volunteer services: \$ 81,758

Sec. 27. MEDICAL ASSISTANCE, STATE SUPPLEMENTARY ASSISTANCE, AND SOCIAL SERVICE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.

1. For the fiscal year beginning July 1, 1989, the following providers shall have their medical assistance reimbursement rates increased by two and twenty-five hundredths percent over the rates in effect on June 30, 1985: optometrists, opticians, physicians, pharmacists, podiatrists, dentists, chiropractors, physical therapists, certified nurse midwives, ambulance services, independent laboratories, area education agencies, clinics, audiologists, rehabilitation agencies, community mental health centers, family planning clinics, psychologists, screening centers, hearing aid dealers, orthopedic shoe dealers, ambulatory surgery centers, and genetic counseling clinics. However, the material costs of drugs, optometric products, and durable medical products and supplies which are reimbursed at the acquisition cost shall not be limited to

an increase of two and twenty-five hundredths percent. Maternal health centers shall be reimbursed at the maximum rate permitted under the medical assistance program. However, reimbursement rates for office visits for all medical assistance providers and for all obstetric services shall be increased by four percent over the rates in effect on June 30, 1989.

a. Reimbursement rates to hospitals and skilled nursing facilities shall be increased by two and twenty-five hundredths percent over the rates in effect on June 30, 1989.

b. Reimbursement rates for rural health clinics shall be increased in accordance with increases under the federal Medicare program.

c. Home health agencies certified for the medical assistance program shall be reimbursed for their current federal Medicare audited costs.

d. For the fiscal year beginning July 1, 1989, the basis for establishing the maximum medical assistance reimbursement rate for intermediate care facilities shall be the seventy-fourth percentile of all facility per diem rates as calculated from the June 30, 1989, unaudited compilation of cost and statistical data.

2. For the fiscal year beginning July 1, 1989, the maximum cost reimbursement rate for residential care facilities reimbursed by the department shall be \$18.51. The flat reimbursement rate for facilities electing not to file cost reports shall be \$13.23. For the fiscal year beginning July 1, 1989, the maximum reimbursement rate for providers reimbursed under the in-home health-related care program shall be increased by four percent.

3. For services provided by social service providers reimbursed by the department between July 1, 1989, and June 30, 1990, rates shall be increased automatically by four percent over the unreduced rates in effect on June 30, 1989, except for family foster care provider rates which shall be increased by an average of four percent. Rates for foster group care and shelter care services shall not exceed \$70.86 per day. The reimbursement rate increase for providers whose cost reimbursement is below the maximum rate on July 1, 1989, shall be the maximum increase provided to providers whose cost reimbursement is at the maximum rate on July 1, 1989. This automatic increase is intended to be an exception to policy for the fiscal year beginning July 1, 1989, and ending June 30, 1990, and is not intended to eliminate regular submission of cost reports.

4. For providers reimbursed under subsection 3 of this section, reimbursement rate increases may be applied to the maximum reimbursement rate a program has received in any of the last five fiscal years, provided that if the program utilizes a reimbursement rate for a year other than the fiscal year beginning July 1, 1988, the program can justify to the department that the costs associated with that reimbursement rate pertain to the fiscal year beginning July 1, 1989.

Sec. 28. ASSISTANCE TO GAMBLERS. The department shall use funds deposited in the gamblers assistance fund established in section 99E.10 only for programs to assist gamblers. Any unspent funds shall remain in the fund and shall not be transferred or reverted to the general fund of the state.

The department shall use gamblers assistance fund moneys for three full-time equivalent positions to support this program.

Sec. 29. WAIVER EXPENSE REPORTED. The department of human services shall report to the chairpersons and ranking members of the legislative fiscal committee, the members of the joint appropriations subcommittee on human services, and the legislative fiscal bureau regarding the amount of administrative costs relating to each waiver application submitted to the federal government during the fiscal year beginning July 1, 1989. The reports shall be submitted in 1990 on January 1, March 1, and June 1.

Sec. 30. RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the sections of this Act enumerated in this section. Rules adopted pursuant to sections 1, 2, 4, 6, 7, 8, 11, 12, 13, 14, 15, 16, 17, 19, 23, and 27 of this Act shall become effective immediately

upon filing, unless a later effective date is specified in the rules. The rules shall also be published as notice of intended action as provided in section 17A.4.

Sec. 31. FEDERAL RECEIPTS. All federal grants to and the federal receipts of the department of human services are appropriated for the purposes set forth in the federal grants or receipts. The veterans per diem payable for veterans at the veterans home and funds received under Title XIX of the federal Social Security Act by the state mental health institutes and state hospital-schools shall be deposited in the general fund of the state.

Sec. 32. FULL-TIME EQUIVALENT LIMIT NOTIFICATION. The Iowa veterans home, the state mental health institutes, and the state hospital-schools may exceed the specified number of full-time equivalent positions if the additional positions are specifically related to licensing, certification, or accreditation standards or citations. The department shall notify the co-chairpersons and ranking members of the joint human services appropriations subcommittee of the appropriations committees of the house and senate and the legislative fiscal bureau if the specified number is exceeded. The notification shall include an estimate of the number of full-time equivalent positions added and the fiscal effect of the addition.

Sec. 33. Notwithstanding 1988 Iowa Acts, chapter 1276, section 8, subsection 2, the Iowa juvenile home is not required to establish a diagnostic program and short-term high-impact program for adjudicated female delinquents and adjudicated "child in need of assistance" boys and girls residing at the state juvenile home until the juvenile home is able to reduce the juvenile home's population to seventy-two, which will provide a living unit for the evaluation program.

Sec. 34. NURSING HOME REFORM REQUIREMENTS. The department of human services with the assistance of the department of inspections and appeals shall submit to the fiscal committee of the legislative council and to the members of the joint appropriations subcommittee on human services on or before September 1, 1989, proposed administrative rules for compliance with federal standards for nursing facilities pursuant to the federal Omnibus Budget Reconciliation Act of 1987. If a standard in a rule proposed by the department of human services or the department of inspections and appeals exceeds a federal standard under the federal Omnibus Budget Reconciliation Act of 1987 for nursing facilities or the corresponding regulation adopted by the federal health care financing administration, the department of human services or the department of inspections and appeals shall provide the rationale for exceeding the federal standard or the corresponding regulation. When submitted, the proposed administrative rules shall be accompanied by a detailed analysis prepared by the department of human services of the cost to implement each standard including an estimate of the additional cost of a standard which exceeds a federal standard or the corresponding regulation for nursing facilities.

Sec. 35. STAFFING STUDY REQUESTED. The legislative council is requested to establish an interim study committee to assess staffing of the nine state institutions operated by the department of human services. The study committee shall develop specific recommendations regarding staffing patterns and personnel practices at each of the state institutions for action by the general assembly and the department of human services.

1. In appointing the membership of the study committee, the legislative council shall consider appointing experts in private sector management and staffing analysis, representatives of large private service providers, hospital administrators, and employees of state institutions operated by the department of human services.

2. The study committee shall review proposals developed by interested parties, including the staffing study of the American federation of state, county, and municipal employees union presented to the human services appropriations subcommittee during the 1989 session. The study committee shall interview staff at all levels of the various institutions, including members of the American federation of state, county, and municipal employees and Iowa united professionals unions, department of human services central office staff, and employees of the department of management and the department of personnel.

3. It is the intent of the general assembly that the legislative council authorize not more than twenty-five thousand dollars to be used to retain private consulting services to assist the study committee. The legislative fiscal bureau shall provide primary staff support to the study committee.

Sec. 36. APPLICABILITY. Section 23, subsection 3, of this Act is retroactively applicable to April 1, 1989.

Sec. 37. EFFECTIVE DATE. Section 23, subsection 1, and section 33 of this Act, being deemed of immediate importance, take effect upon enactment.

Approved June 5, 1989, except the items which I hereby disapprove and which are designated as that portion of section 2, subsection 3 which is herein bracketed in ink and initialed by me; section 4, subsection 2 in its entirety; section 8, subsections a, b, f, g, and h; that portion of section 12, subsection 6 which is herein bracketed in ink and initialed by me; that portion of section 12, subsection 8 which is herein bracketed in ink and initialed by me; the portions of section 23, subsection 2 and subsection 3a which are herein bracketed in ink and initialed by me; and section 23, subsections 5a and 5b in their entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the secretary of state this same date a copy of which is attached hereto.

TERRY E. BRANSTAD, *Governor*

Dear Madam Secretary:

I hereby transmit Senate File 541, an Act relating to human services and making appropriations to the department of human services, other properly related matters, providing for retroactive applicability, and providing an effective date.

Senate File 541 provides substantial additional funding for human services programs. A state appropriations increase of approximately ten percent or approximately \$39 million is provided to the department for Fiscal Year 1990. This substantial increase in funds is used to provide for a four percent increase in AFDC benefits and four percent and 2.25 percent reimbursement increases for social services and Medicaid providers, respectively. Increases for child care, welfare reform, foster care reform and aid to the elderly are also included in the bill. I believe these adjustments are appropriate and I am signing them into law.

However, given the fiscal constraints of the state, particularly in Fiscal Year 1991, I cannot approve every new program that has been authorized in this legislation. Moreover, funding included in this bill to provide further expansion of the Medicaid program is subject to receipt of federal approval. Such approval has not yet been received and is unlikely to be received for some time. In short, funding to ensure a balanced budget in Fiscal Year 1991 must be eliminated from this bill and can be eliminated without adversely impacting current recipients of critical human services in our state.

Senate File 541 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the designated portion of Section 2, subsection 3. This provision would hamstring the state's ability to contain costs in the Medicaid program. Currently, the state is moving toward use of contract purchases or HMOs in order to obtain volume discounts for services provided through the Medicaid program. This method of contracting for services is one of the most significant tools needed to contain health care costs. Unfortunately, the language included in this subsection of Senate File 541 would strictly limit the ability of the department to use health maintenance organizations for Medicaid and would also prevent the inclusion of all covered services in the Medicaid program in a contract with an HMO. These restrictions would have the impact of further driving up Medicaid costs and cannot be approved.

I am unable to approve the item designated as Section 4, subsection 2, in its entirety. This provision appropriates \$110,000 and establishes a new program to provide supplemental payments to providers who care for disabled persons considered difficult to serve. There has not been sufficient study done to review the cost effectiveness of such a program. Moreover, I have signed into law a substantial increase in the family support subsidy program which is used by families to care for MH/MR/DD individuals in their homes rather than in institutions. We should carefully monitor the cost effectiveness of that program prior to starting new programs to provide additional funding for similar purposes.

I am unable to approve the items designated as Section 8, subsections a, b, f, g and h. These provisions in Senate File 541 run contrary to the recommendations of the welfare reform council. The council recommends that the training portions of our Project Promise welfare reform model and the federal JOBS program be administered through the Department of Employment Services and the Department of Economic Development. Focusing the training programs in the agencies that administer the remainder of the state's training efforts would provide for a cost effective and comprehensive method of ensuring that welfare recipients receive the training they need to become independent and self-sufficient.

The items vetoed in Senate File 541 would set up a duplicative training structure: the Department of Human Services would continue to operate the individual education and training program and the WIN program in counties where such programs were in operation on July 1, 1988; counties not previously served by the WIN program would have their training programs run by the IDED and DES. Such a duplicative structure would likely cause confusion and would

limit the state's ability to provide for a comprehensive and cost effective job training program for individuals who are working to get off welfare.

I understand the concern of some to provide for a smooth transition of the administration of the job training programs from DHS to IDED and DES job training programs. This is particularly important given the fact that federal law requires that these programs be in operation by July 1 of this year. As a result, I have directed our welfare reform council and, most specifically, the effected agencies, to work closely to structure a transition program over the next six months that will minimize the disruption for individuals who receive training services under our welfare reform program and for those who provide such services. The department heads have assured me that a smooth transition can be accomplished.

In addition, I have item vetoed language which would hamper our ability to move individuals from a state of dependency to independence. Specifically, provisions in this bill limit the requirements that all individuals on welfare participate in a job training and education program. The department has filed rules requiring participation in education and training programs. I believe that training and education are absolutely critical to ensuring long-term employability for individuals on welfare. Therefore, we should not be taking actions in this bill to restrict the training and education requirements of the Project Promise program.

I am unable to approve the designated portion of Section 12, subsection 6. This provision would prevent the reversion of unused funds in the foster care home insurance program from reverting to the general fund of the state. Such antireversion language is fiscally unsound and prevents an annual review of the cost effectiveness of the program.

I am unable to approve the designated portion of Section 12, subsection 8. This subsection of the bill continues the decategorization pilot project for foster care and expands it into two additional counties. The decategorization project allows foster care recipients to receive services different from those for which the state now pays. However, the program has been designed to be cost neutral. However, the item vetoed provisions in this bill would allow for a transfer of funds from the state's foster care appropriation to a county's child welfare fund. In addition, provisions in this subsection would require the department to request a supplemental appropriation to pick up additional costs that may be incurred as a result of this program. These provisions violate the budget neutrality principals of the decategorization project by threatening the state's general fund with demands beyond the appropriated funding levels. I have approved an additional \$100,000 appropriation to expand this project into two additional counties; but I cannot approve any effort to increase the obligation to the state's general fund beyond that amount.

I am unable to approve the designated portions of Section 23, subsection 2 and subsection 3a; and subsections 5a and b, in their entirety. These provisions in Senate File 541 would authorize the expenditure of an additional \$1.3 million in Fiscal Year 1990 to expand the Medicaid program to include rehabilitation services. In addition, these provisions would require that any funds not spent for enhanced mental health, mental retardation, developmental disabilities services be automatically transferred to the mental health and mental retardation fund. It would also prohibit the transfer of any unencumbered funds from the mental health institutes and the hospital-schools to any place but the enhanced services fund.

The Department of Human Services has submitted a waiver request to the federal Department of Health and Human Services to include rehabilitation services in our Medicaid program. That initial request was withdrawn due to concerns that it would be denied and the department is now in the process of modifying the plan. Even with the revisions, we are not assured that the plan will be approved when it is resubmitted. And, it is very likely that should such federal approval be forthcoming, these services would not be available to individuals in Iowa until some time next year. Therefore, it would appear to be unnecessary to set aside \$1.3 million this fiscal year for such services.

Instead, I am asking the Department of Human Services to carefully revise its proposed plan to include rehabilitation services in our Medicaid program and to resubmit the plan.

If federal approval is granted, I am willing to work with the department, the General Assembly, and the counties to review ways in which those services can be appropriately funded. Until that time, I cannot approve provisions which prohibit the reversion of those unused funds to the state.

In sum, Senate File 541 provides substantial additional funds to programs to assist the elderly; provide child care to needy families; expand the Medicaid program for those who are most in need of health care in our state; and reform our foster care system. This bill also provides increases in the reimbursement levels for AFDC and human services providers. All those provisions have been signed into law.

However, I have vetoed language which could reduce the effectiveness of our welfare reform program or provide an unnecessary burden on our state's general fund at this time.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1986 to the Constitution of the State of Iowa. All other items in Senate File 541 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, Governor