

CHAPTER 1213

APPROPRIATIONS – HUMAN SERVICES

S.F. 2442

AN ACT relating to appropriations for the department of human services and the prevention of disabilities policy council and including other provisions and appropriations involving human services and health care and providing for effective and applicability dates.

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

Section 1. **FAMILY INVESTMENT PROGRAM.** There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For assistance under the family investment program under chapter 239:

..... \$ 34,787,255

1. The department shall continue the special needs program under the family investment program.

2. The department may adopt administrative rules for the family investment, food stamp, and medical assistance programs to change or delete welfare reform initiatives that threaten the integrity or continuation of the program or that are not cost-effective. Prior to the adoption of rules, the department shall consult with the welfare reform council, members of the public involved in development of the policy established in the 1993 session of the Seventy-fifth General Assembly, and the chairpersons and ranking members of the human resources committees of the senate and the house of representatives.

Sec. 2. **EMERGENCY ASSISTANCE.** There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For emergency assistance to families with dependent children for homeless prevention programs:

..... \$ 1,967,500

1. The emergency assistance provided for in this section shall be available beginning October 1 of the fiscal year and shall be provided only if all other publicly funded resources have been exhausted. Specifically, emergency assistance is the program of last resort and shall not supplant assistance provided by the low-income home energy assistance program (LIHEAP), county general relief, and veterans affairs programs. The department shall establish a \$500 maximum payment, per family, in a twelve-month period. The emergency assistance includes, but is not limited to, assisting people who face eviction, potential eviction, or foreclosure, utility shutoff or fuel shortage, loss of heating energy supply or equipment, homelessness, utility or rental deposits, or other specified crisis which threatens family or living arrangements. The emergency assistance shall be available to migrant families who would otherwise meet eligibility criteria. The department may contract for the administration and delivery of the program. The program shall be terminated when funds are exhausted.

2. For the fiscal year beginning July 1, 1996, the department shall continue the process for the state to receive refunds of rent deposits for emergency assistance recipients which were paid by persons other than the state. The refunds received by the department under this subsection shall be deposited with the moneys of the appropriation made in this section and used as additional funds for the emergency assistance program. Notwithstanding section 8.33, moneys received by the department under this subsection which remain after the emergency assistance program is terminated and state moneys in the emergency assistance account which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for expenditure when the program resumes operation on October 1 in the succeeding fiscal year.

3. Of the funds appropriated in this section, \$10,000 is allocated to the community voice mail program to continue the existing program. The funds shall be made available beginning July 1, 1996.

Sec. 3. 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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose 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:

..... \$ 366,687,988

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 45 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 150 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. Notwithstanding section 8.39, the department may transfer funds appropriated in this section to a separate account established in the department's case management unit for expenditures required to provide case management services for mental health, mental retardation, and developmental disabilities services under medical assistance which are jointly funded by the state and county, pending final settlement of the expenditures. Funds received by the case management unit 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 in this section.

3. If a medical assistance recipient is more than 17 years of age and is receiving care which is reimbursed under a federally approved home and community-based services waiver but would otherwise be approved for care in an intermediate care facility for the mentally retarded, the recipient's county of legal settlement shall reimburse the department on a monthly basis for the portion of the recipient's cost of care which is not paid from federal funds.

4. a. The county of legal settlement shall be billed for 50 percent of the nonfederal share of the cost of case management provided for adults, day treatment, and partial hospitalization in accordance with sections 249A.26 and 249A.27, and 100 percent of the nonfederal share of the cost of care for adults which is reimbursed under a federally approved home and community-based waiver that would otherwise be approved for provision in an intermediate care facility for the mentally retarded, provided under the medical assistance program. The state shall have responsibility for the remaining 50 percent of the nonfederal share of the cost of case management provided for adults, day treatment, and partial hospitalization. For persons without a county of legal settlement, the state shall have responsibility for 100 percent of the nonfederal share of the costs of case management provided for adults, day treatment, partial hospitalization, and the home and community-based waiver services. The case management services specified in this subsection shall be billed to a county only if the services are provided outside of a managed care contract.

b. The state shall pay the entire nonfederal share of the costs for case management services provided to persons 17 years of age and younger who are served in a medical assistance home and community-based waiver program for persons with mental retardation.

c. Medical assistance funding for case management services for eligible persons 17 years of age and younger shall also be provided to persons residing in counties with child welfare decategorization projects implemented in accordance with section 232.188, provided these projects have included these persons in their service plan and the decategorization project county is willing to provide the nonfederal share of costs.

d. When paying the necessary and legal expenses of intermediate care facilities for the mentally retarded (ICFMR), the cost payment requirements of section 222.60 shall be considered fulfilled when payment is made in accordance with the medical assistance payment rates established for ICFMRs by the department and the state or a county of legal settlement is not obligated for any amount in excess of the rates.

5. The department may adopt and implement administrative rules regarding a prepaid mental health services plan for medical assistance patients. The rules shall include but not be limited to service provider standards, service reimbursement, and funding mechanisms. Notwithstanding the provisions of subsection 4, paragraph "a", of this section and section 249A.26, requiring counties to pay all or part of the nonfederal share of certain services provided to persons with disabilities under the medical assistance program, the state shall pay 100 percent of the nonfederal share of any services included in the plan implemented pursuant to this subsection.

6. The department shall utilize not more than \$60,000 of the funds appropriated in this section to continue the AIDS/HIV health insurance premium payment program as established in 1992 Iowa Acts, Second Extraordinary Session, Chapter 1001, section 409, subsection 6. Of the funds allocated in this subsection, not more than \$5,000 may be expended for administrative purposes.

7. Of the funds appropriated to the Iowa department of health for substance abuse grants, \$950,000 for the fiscal year beginning July 1, 1996, shall be transferred to the department of human services for an integrated substance abuse managed care system.

8. The department shall implement a new medical assistance home and community-based waiver for persons with physical disabilities as a means to further develop the personal assistance services program under section 225C.46. The waiver shall not be implemented in a manner which would require additional county or state funding for assistance provided to an individual served under the waiver.

9. The department may expand the drug prior authorization program to include the therapeutic class of gastrointestinal drugs known as proton pump inhibitors. The department shall not expand the requirement of drug prior authorization without prior approval of the general assembly except to require prior authorization of an equivalent of a prescription drug which is subject to prior authorization as of June 30, 1996. The department shall adopt administrative rules to implement this provision.

10. The department of human services shall expand the program to administratively pursue reimbursements for pharmacy services to include all pharmacy claims for which a recipient of medical assistance also has third-party coverage.

11. The department of human services, in consultation with the Iowa department of public health and the department of education, shall develop and implement a proposal to utilize the early and periodic screening, diagnosis, and treatment (EPSDT) funding under medical assistance, to the extent possible, to implement the screening component of the EPSDT program through the school system. The department may enter into contracts to utilize maternal and child health centers, the public health nursing program, or school nurses in implementing this provision.

12. The department shall implement the case study for outcome-based performance standards for programs serving persons with mental retardation or other developmental disabilities proposed pursuant to 1994 Iowa Acts, chapter 1170, section 56. The department shall

adopt rules applicable to the programs included in the case study, request a waiver of applicable federal requirements, and take other actions deemed necessary by the department to implement the case study.

13. The department of human services shall submit a report to the general assembly on or before January 1, 1997, regarding reimbursement for teleconsultive services provided by health care providers to recipients of medical assistance. The report shall include but is not limited to recommendations regarding the feasibility of implementation of a pilot program, including the adoption and utilization of an alternative reimbursement methodology, to determine the effect of teleconsultive services on health care quality, access, and cost.

14. A member of the joint appropriations subcommittee on human services participating during the 1996 legislative interim in a planning process for long-term care provided in nursing facilities and through alternative types of care involving a national foundation held by the department in the state, is entitled to per diem and expenses payable as a joint expense under section 2.12.

Sec. 4. 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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For medical contracts:

..... \$ 6,811,400

1. The department shall continue to contract for drug utilization review under the medical assistance program.

2. The department shall negotiate with the department's contractor for mental health managed care under the medical assistance program to establish performance standards for successful outcomes for persons receiving services under the contract. The performance standards shall be incorporated into the contract or shall be made an addendum to the contract which is in effect as of the effective date of this subsection. The contractor's attainment of these performance standards shall be a factor in the department's decision to extend the contract in effect for managed mental health care or to initiate a new procurement process. Any future contract shall contain sanctions for failure to attain the performance standards. The provisions of section 228.5 as amended in this Act are applicable to the requirements of this subsection.

3. Any future contract entered into by the department for mental health managed care or for other services under the medical assistance program shall include a provision which requires the contractor to make public information the amount of profit realized by the contractor and the amount of funds expended by the contractor for administrative purposes under the contract.

Sec. 5. 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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For state supplementary assistance, funeral assistance, and the mental retardation waiver rent subsidy program:

..... \$ 19,190,000

1. 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 income and federal social security benefits are increased due to a recognized increase in the cost of living. The department may adopt emergency rules to implement this subsection.

2. a. If during the fiscal year beginning July 1, 1996, the department projects that state supplementary assistance expenditures for a calendar year will not meet the federal pass-along requirement specified in Title XVI of the federal Social Security Act, section 1618, as

*Item veto; see message at end of the Act

codified in 42 U.S.C. § 1382g, the department may take actions including but not limited to increasing the personal needs allowance for residential care facility residents and making programmatic adjustments or upward adjustments of the residential care facility or in-home health-related care reimbursement rates prescribed in this Act to ensure that federal requirements are met. The department may adopt emergency rules to implement the provisions of this subsection.

b. If during the fiscal year beginning July 1, 1996, the department projects that state supplementary assistance expenditures will exceed the amount appropriated, the department may transfer funds appropriated in this Act for medical assistance for the purposes of the state supplementary assistance program. However, funds shall only be transferred from the medical assistance appropriation if the funds transferred are projected to be in excess of the funds necessary for the medical assistance program.

3. The department may use up to \$75,000 of the funds appropriated in this section for a rent subsidy program for adult persons to whom all of the following apply:

a. Are receiving assistance under the medical assistance home and community-based services for persons with mental retardation (HCBS/MR) program.

b. Were discharged from an intermediate care facility for the mentally retarded (ICFMR) immediately prior to receiving HCBS/MR services.

The goal of the subsidy program shall be to encourage and assist in enabling persons who currently reside in an ICFMR to move to a community living arrangement. An eligible person may receive assistance in meeting their rental expense and, in the initial two months of eligibility, in purchasing necessary household furnishings and supplies. The program shall be implemented so that it does not meet the federal definition of state supplementary assistance and will not impact the federal pass-along requirement specified in Title XVI of the federal Social Security Act, section 1618, as codified in 42 U.S.C. § 1382g.

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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For protective child day care assistance and state child care assistance:

..... \$ 12,547,100

1. Of the funds appropriated in this section, \$2,496,286 shall be used for protective child day care assistance.

2. Of the funds appropriated in this section, \$8,180,889 shall be used for state child care assistance.

3. For the purposes of this subsection, the term "poverty level" means the poverty level defined by the poverty income guidelines published by the United States department of health and human services. Based upon the availability of the funding provided in subsection 2 the department shall establish waiting lists for state child care assistance in descending order of prioritization as follows:

a. Families with an income at or below 100 percent of the federal poverty level whose members are employed at least 30 hours per week, and parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 and are participating in an educational program leading to a high school diploma or equivalent.

b. Parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 and are participating, at a satisfactory level, in an approved training program or in an educational program.

c. Families with an income of more than 100 percent but not more than 110 percent of the federal poverty level whose members are employed at least 30 hours per week. Assistance provided to families pursuant to this paragraph shall be provided in accordance with a sliding fee scale developed by the department. If, pursuant to an evaluation of expenditures for state child care assistance it is determined that sufficient funding is available, the department shall implement the provisions of this paragraph on or before January 2, 1997.

d. Families with an income at or below 155 percent of the federal poverty level with a special needs child as a member of the family.

e. Families with an income at or below 100 percent of the federal poverty level whose members are employed part-time at least 20 hours per week.

The department may adopt emergency rules to implement the provisions of this subsection.

4. a. Migrant seasonal farm worker families whose family income is equal to or less than 100 percent of the United States office of management and budget poverty guidelines are eligible for state child care assistance. The monthly family income shall be determined by calculating the total amount of family income earned during the 12-month period preceding the date of application for the assistance and dividing the total amount by 12.

b. Nothing in this section 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 consistent with the requirements of this section. Any state obligation to provide services pursuant to this section is limited to the extent of the funds appropriated in this section.

5. If the department projects that funding for state child care assistance is reasonably adequate to fund the provisions of subsection 3, paragraphs "a", "b", and "c", the department may transfer not more than \$200,000 of the funding appropriated in this section to the appropriation in this Act for child and family services to provide additional funding for family-centered services.

6. Of the funds appropriated in this section, \$636,641 is allocated for the statewide program for child day care resource and referral services under section 237A.26.

7. The department may use any of the funds appropriated in this section as a match to obtain federal funds for use in expanding child day care assistance and related programs.

8. Of the funds appropriated in this section, \$1,178,284 is allocated for transitional child care assistance.

9. During the 1996-1997 fiscal year, the department shall utilize the moneys deposited in the child day care credit fund created in section 237A.28 for state child care assistance, in addition to the moneys allocated for that purpose in this section.

10. Of the funds appropriated in this section, the department shall expend not more than \$20,000 to develop a system in cooperation with child day care resource and referral services under section 237A.26, in which volunteer evaluation teams are utilized to review and inspect registered family day care homes on behalf of the department. The department shall also review requirements for payment of publicly funded child day care, including but not limited to the effects on providers and the state budget of paying for child day care on a daily basis, block-of-hours basis, or hourly basis. The department shall review the policy implications of encouraging family day care home registration by providing an enhanced reimbursement for family day care homes that are registered. In addition, the department shall develop a proposal for a disproportionate share reimbursement adjustment for the child day care providers for which 75 percent or more of the children provided care receive public funding for the cost of their care. The department shall submit a report to the general assembly on or before January 15, 1997, which includes recommendations concerning the issues required by this subsection.

11. Of the funds appropriated in this section, \$35,000 is allocated for use by the united Mexican-American center in Des Moines for the center's child day care program.

**12. A family who was eligible for and received state child care assistance during the fiscal year beginning July 1, 1995, shall continue to receive the assistance in the succeeding fiscal year for as long as the family continues to meet the eligibility requirements in effect for the fiscal year beginning July 1, 1995.*

13. Notwithstanding section 8.33, moneys appropriated to the department of human services for state child care assistance in 1996 Iowa Acts, House File 2114, section 2, which remain unexpended or unobligated at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for expenditure in the succeeding fiscal year.*

*Item veto; see message at end of the Act

Sec. 7. JOBS PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the federal-state job opportunities and basic skills (JOBS) program, food stamp employment and training program, family development and self-sufficiency grants, entrepreneurial training, and implementing family investment agreements, in accordance with this section:

..... \$ 12,601,592

1. Of the funds appropriated in this section, \$11,692,292 is allocated for the JOBS program. For family investment agreements developed in the fiscal year beginning July 1, 1996, the maximum time period for postsecondary education is limited to two years.

2. The department shall continue to contract for services in developing, delivering, and monitoring an entrepreneurial training waiver program to provide technical assistance in self-employment training to families which receive assistance under the family investment program, contingent upon federal approval of waiver renewal requests.

3. Of the funds appropriated in this section, \$129,985 is allocated for the food stamp employment and training program.

4. Of the funds appropriated in this section, \$779,315 is allocated to the family development and self-sufficiency grant program as provided under section 217.12.

a. Not more than 5 percent of the funds allocated in this subsection shall be used for the administration of the grant program.

b. Federal funding matched by state, county, or other funding which is not appropriated in this section shall be deposited in the department's JOBS account. If the match funding is generated by a family development and self-sufficiency grantee, the federal funding received shall be used to expand the family development and self-sufficiency grant program. If the match funding is generated by another source, the federal funding received shall be used to expand the grant program or the JOBS program. The department may adopt rules to implement the provisions of this paragraph.

c. Based upon the annual evaluation report concerning each grantee funded by this allocation, the family development and self-sufficiency council may use funds allocated to renew grants.

Sec. 8. 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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

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

..... \$ 6,517,000

..... FTEs 226.22

1. The director of human services, within the limitations of the funds appropriated in this section, or funds transferred from the family investment program appropriation for this purpose, shall establish new positions and add employees to the child support recovery unit if the director determines that both the current and additional employees together can reasonably be expected to maintain or increase net state revenue at or beyond the budgeted level. If the director adds 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 recovered.

2. Nonpublic assistance application fees and federal tax refund offsets received by the child support recovery unit are appropriated and shall be used for the purposes of the child support recovery program. The director of human services may add positions within the

limitations of the amount appropriated for salaries and support for the positions. The director shall report any positions added pursuant to this subsection to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

3. The director of human services, in consultation with the department of management and the legislative fiscal committee, is authorized to receive and deposit state child support incentive earnings in the manner specified under applicable federal requirements.

4. The director of human services may establish new positions and add state employees to the child support recovery unit if the director determines the employees are necessary to replace county-funded positions eliminated due to termination, reduction, or nonrenewal of a chapter 28E contract. However, the director must also determine that the resulting increase in the state share of child support recovery incentives exceeds the cost of the positions, the positions are necessary to ensure continued federal funding of the program, or the new positions can reasonably be expected to recover at least twice the amount of money necessary to pay the salaries and support for the new positions.

5. The child support recovery unit shall continue to work with the judicial department to determine the feasibility of a pilot project utilizing a court-appointed referee for judicial determinations on child support matters. The extent and location of any pilot project shall be jointly developed by the judicial department and the child support recovery unit.

6. The department shall expend up to \$50,000, including federal financial participation, for the fiscal year beginning July 1, 1996, for a child support public awareness campaign. The department shall cooperate with the office of the attorney general in continuation of the campaign. The public awareness campaign shall emphasize, through a variety of media activities and through continuation of the publication of names of persons who are delinquent in payment of child support obligations, the importance of maximum involvement of both parents in the lives of their children as well as the importance of payment of child support obligations.

7. The department shall continue the pilot program option to provide and supervise a community service pilot project for absent parents who are ordered by the court to perform community service for failure to pay child support pursuant to section 598.23A.

8. The director of human services may enter a contract with private collection agencies to collect support payments for cases which have been identified by the department as difficult collection cases if the department determines that this form of collection is more cost effective than departmental collection methods. The director may use a portion of the state share of funds collected through this means to pay the costs of any contracts authorized under this subsection.

9. The department shall employ on or before July 2, 1996, at least 1.00 FTE to respond to telephone inquiries during all weekly business hours.

10. The department shall develop guidelines to be used in lieu of the child support guidelines prescribed under section 598.21, subsection 4, for establishing a support obligation and the amount of the support debt accrued and accruing pursuant to section 234.39 for the costs of foster care services. The proposed guidelines shall reflect the public purpose of establishing a support obligation without causing a serious disruption of the family of the obligor. The department shall submit the proposed guidelines to the general assembly on or before January 15, 1997.

Sec. 9. 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, 1996, and ending June 30, 1997, 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, and miscellaneous purposes and for not more than the following full-time equivalent positions:

For the state juvenile institutions:

.....	\$	13,769,809
.....	FTEs	320.77

1. The following amounts of the funds appropriated and full-time equivalent positions authorized in this section are allocated for the Iowa juvenile home at Toledo:

.....	\$	5,130,863
.....	FTEs	118.54

2. The following amounts of the funds appropriated and full-time equivalent positions authorized in this section are allocated for the state training school at Eldora:

.....	\$	8,638,946
.....	FTEs	202.23

3. During the fiscal year beginning July 1, 1996, the population levels at the state juvenile institutions shall not exceed the population guidelines established under 1990 Iowa Acts, chapter 1239, section 21.

4. Of the funds appropriated in this section, \$10,000 shall be used by the state training school and \$8,000 by the Iowa juvenile home for grants for adolescent pregnancy prevention activities at the institutions in the fiscal year beginning July 1, 1996.

5. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

Sec. 10. CHILD AND FAMILY SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For child and family services:

.....	\$	85,460,607
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1. The department may transfer moneys appropriated in this section as necessary to pay the nonfederal costs of services reimbursed under medical assistance or the family investment program which are provided to children who would otherwise receive services paid under the appropriation in this section. The department may transfer funds appropriated in this section to the appropriations in this Act for general administration and for field operations for resources necessary to implement and operate the services funded in this section.

2. a. Of the funds appropriated in this section, up to \$24,601,280 is allocated as the statewide expenditure target under section 232.143 for group foster care maintenance and services.

b. The department shall report quarterly to the legislative fiscal bureau concerning the status of each region's efforts to contain expenditures for group foster care placements in accordance with the regional plan established pursuant to section 232.143.

c. The department shall not certify any additional enhanced residential treatment beds, unless the director of human services approves the beds as necessary, based on the type of children to be served and the location of the enhanced residential treatment beds.

d. (1) Of the funds appropriated in this section, not more than \$6,538,215 is allocated as the state match funding for psychiatric medical institutions for children.

(2) The department may transfer all or a portion of the funds appropriated in this section for psychiatric medical institutions for children (PMICs) to the appropriation in this Act for medical assistance and may amend the managed mental health care contract to include PMICs.

e. Of the funds allocated in this subsection, not more than \$1,077,995 is allocated as the state match funding for 50 highly structured juvenile program beds.

3. The department shall establish a goal that not more than 15 percent of the children placed in foster care funded under the federal Social Security Act, Title IV-E, may be placed in foster care for a period of more than 24 months.

4. In accordance with the provisions of section 232.188, the department shall continue the program to decategorize child welfare services in additional counties or clusters of counties.

5. Of the funds appropriated in this section, up to \$96,512 is allocated for continued foster care services to a child who is 18 years of age or older in accordance with the provisions of

section 234.35, subsection 3, paragraph "c". However, if funding in this appropriation would remain unobligated at the end of the fiscal year, the allocation in this subsection may be exceeded to the extent necessary to provide the continued foster care services. The department shall distribute the moneys allocated in this subsection to the department's regions based on each region's proportion of the total number of children placed in foster care on March 31 preceding the beginning of the fiscal year, who, during the fiscal year would no longer be eligible for foster care due to age.

6. Notwithstanding section 232.142, subsection 3, the financial aid paid by the state for the establishment, improvements, operation, and maintenance of county or multicounty juvenile detention homes in the fiscal year beginning July 1, 1996, shall be limited to \$872,500. Funds allocated in this subsection shall be prorated among eligible detention homes.

7. The amount of the appropriation made in this section available for foster care is based upon expansion of the number of children in foster care who are eligible for federal supplemental security income (SSI). The department may use up to \$300,000 of those funds to enter into a performance-based contract to secure SSI benefits for children placed in foster care. The contract shall include provisions for training of department of human services and juvenile court staff, completion of applications, tracking of application results, and representation during the appeals process whenever an appeal is necessary to secure SSI benefits. Notwithstanding section 217.30 and section 232.2, subsection 11, and any other provision of law to the contrary, the director or the director's designee on behalf of a child in foster care may release medical, mental health, substance abuse, or any other information necessary only to determine the child's eligibility for SSI benefits, and may sign releases for the information. In any release of information made pursuant to this subsection, confidentiality shall be maintained to the maximum extent possible.

8. A portion of the funds appropriated in this section may be used for emergency family assistance to provide other resources required for a family participating in a family preservation or reunification project to stay together or to be reunified.

9. Notwithstanding section 234.35, subsection 1, for the fiscal year beginning July 1, 1996, state funding for shelter care paid pursuant to section 234.35, subsection 1, paragraph "h", shall be limited to \$3,223,732. The department shall develop a formula in consultation with the shelter care committee created by the department to allocate shelter care funds to the department's regions. The formula shall be based on the region's proportion of the state population of children and historical usage. The department may adopt emergency rules to implement the provisions of this subsection.

10. Of the funds appropriated in this section, not more than \$527,137 may be used to develop and maintain the state's implementation of the national adoption and foster care information system pursuant to the requirements of Pub. L. No. 99-509. The department may transfer funds as necessary from the appropriations in this Act for field operations and general administration to implement this subsection. Moneys allocated in accordance with this subsection shall be considered encumbered for the purposes of section 8.33.

11. Of the funds appropriated in this section, up to \$619,433 may be used as determined by the department for any of the following purposes:

- a. For general administration of the department to improve staff training efforts.
- b. For oversight of termination of parental rights and permanency planning efforts on a statewide basis.
- c. For personnel, assigned by the attorney general, to provide additional services relating to termination of parental rights and child in need of assistance cases.
- d. For specialized permanency planning field operations staff.

12. The department may adopt administrative rules following consultation with child welfare services providers to implement outcome-based child welfare services pilot projects. The rules may include, but are not limited to, the development of program descriptions, provider licensing and certification standards, reimbursement and payment amounts, contract requirements, assessment and service necessity requirements, eligibility criteria, claims submission procedures, and accountability standards.

13. Of the funds appropriated in this section, up to \$125,340 may be used to develop, in cooperation with providers of children and family services, a performance-based monitoring program to evaluate and improve outcomes for children and families. The department may adopt administrative rules to implement this subsection.

14. The department may develop, within the funds available, a pilot kinship care project to enhance family involvement in the development of the permanency plan required under chapter 232 for children who are removed from their homes. The project components may include family involvement before and after removal of the child and shall stress safety for the child.

15. Within the funds appropriated in this section, the department may develop a subsidized guardianship program to provide financial assistance to guardians of children who have a permanency order under section 232.104, subsection 2, paragraph "d", subparagraph (1), in cases in which all of the following conditions exist:

a. The option of reunification has been eliminated and termination of parental rights is not appropriate.

b. The child has lived with the potential guardian for at least six months.

c. The child is either 14 years of age or older or, if under 14 years of age, is part of a sibling group and cannot be made available for adoption.

d. The placement does not require departmental supervision.

The financial assistance provided shall be in the same amount as provided for family foster care. For purposes of medical assistance and child support recovery, these payments shall be considered foster care payments.

16. The department shall continue to make adoption presubsidy and adoption subsidy payments to adoptive parents at the beginning of the month for the current month.

17. If Title XIX of the federal Social Security Act is repealed prior to January 17, 1997, and the state is otherwise authorized to establish requirements for providing health and rehabilitative services to persons who would be eligible for medical assistance under chapter 249A, the department shall eliminate the clinical assessment and consultation teams operating as part of the medical assistance children's rehabilitative services initiative. The provisions of this subsection shall apply through January 16, 1997.

18. Federal funds received by the state during the fiscal years beginning July 1, 1995, and July 1, 1996, as the result of the expenditure of state funds appropriated during a previous state fiscal year for a service or activity funded under this section shall be used as additional funding for services provided under this section. Moneys received by the department in accordance with the provisions of this section shall remain available for the purposes designated until June 30, 1998.

19. The department may adopt emergency rules to revise administrative rules relating to rehabilitative treatment services under the child welfare program as necessary to comply with federal requirements to maintain nonstate funding.

20. The department in cooperation with the department of education shall collect data to determine the number of children for whom sheltered workshops and supported employment will be required during the period beginning July 1, 1997, through June 30, 2002. The department shall report the findings of the study to the general assembly by January 2, 1997.

21. Of the funds appropriated in this section, up to \$150,000 shall be transferred to the Iowa healthy kids trust fund for use by the division of insurance of the department of commerce for planning, administration, and implementation of the Iowa healthy kids program as established in chapter 514I as enacted in this Act.

Sec. 11. COMMUNITY-BASED PROGRAMS – ADOLESCENT PREGNANCY PREVENTION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For community-based programs, on the condition that family planning services are funded, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	2,635,146
.....	FTEs	1.00

1. Of the funds appropriated in this section, \$736,146 shall be used for adolescent pregnancy prevention grants, including not more than \$156,048 for programs to prevent pregnancies during the adolescent years and to provide support services for pregnant or parenting adolescents. It is the intent of the general assembly that by July 1, 1998, grants awarded under this subsection be required to meet the criteria under subsection 2 including the provision of community-wide services within the proximity of the community or region.

2. Of the funds appropriated in this section, \$298,000 shall be used for grants to community or regional groups which demonstrate broad-based representation from community representatives including but not limited to schools, churches, human service-related organizations, and businesses. Priority in the awarding of grants shall be given to groups which provide services to both urban and rural areas within the proximity of the community or region and which provide age-appropriate programs adapted for both male and female youth at the elementary, middle, and high school levels. A program shall focus on the prevention of initial pregnancies during the adolescent years by emphasizing sexual abstinence as the only completely safe and effective means of avoiding pregnancy and sexually transmitted diseases and by providing information regarding the comparative failure rates of contraceptives, and by emphasizing responsible decision making in relationships, managing of peer and social pressures, development of self-esteem, the costs and responsibilities of parenting, and information regarding the alternative of adoption for placement of a child. The program shall also include an evaluation and assessment component which includes evaluation of and recommendations for improvement of the program by the youth and parents involved. Evaluation and assessment reports shall be provided to the department of human services, at a time determined by the department in the grant award. Community or regional groups interested in applying for a grant under this subsection may be issued a planning grant or may utilize grant moneys for the costs of technical assistance to analyze community needs, match service providers to needs, negotiate service provision strategies, or other assistance to focus grant services provided under this subsection. The technical assistance may be provided by organizations affiliated with institutions under the authority of the state board of regents or other organizations experienced in providing technical assistance concerning similar services.

3. The department of human services, in cooperation with the Iowa department of public health, shall determine the criteria to be used in measuring the results of all pregnancy prevention programs for which funds are allocated in this section. The criteria to be used shall be made available to the interim committee established in subsection 4.

4. The legislative council is requested to established* a legislative interim committee during the 1996 interim of the general assembly to evaluate the effectiveness of current and proposed adolescent pregnancy prevention programs.

5. Of the funds appropriated in this section, \$846,014 shall be used by the department for child abuse prevention grants. ***Of the funds allocated in this subsection, \$115,000 shall be transferred to the Iowa department of public health for the Iowa healthy family program under section 135.106, to be expended in accordance with the provisions relating to this program in 1996 Iowa Acts, Senate File 2448.***

Sec. 12. COURT-ORDERED SERVICES PROVIDED TO JUVENILES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

*According to enrolled Act

**Item veto; see message at end of the Act

Payment of the expenses of court-ordered services provided to juveniles which are a charge upon the state pursuant to section 232.141, subsection 4:

..... \$ 3,090,000

1. Notwithstanding section 232.141 or any other provision of law, the funds appropriated in this section shall be allocated to the judicial districts as determined by the state court administrator. The state court administrator shall make the determination on the allocations on or before June 15.

2. a. Each judicial district shall continue the planning group for the court-ordered services for juveniles provided in that district which was established pursuant to 1991 Iowa Acts, chapter 267, section 119. A planning group shall continue to perform its duties as specified in that law. Reimbursement rates for providers of court-ordered evaluation and treatment services paid under section 232.141, subsection 4, shall be negotiated with providers by each judicial district's planning group.

b. Each district planning group shall submit an annual report in January to the state court administrator and the department of human services. The report shall cover the preceding fiscal year and shall include a preliminary report on the current fiscal year. The administrator and the department shall compile these reports and submit the reports to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

3. The department of human services shall develop policies and procedures to ensure that the funds appropriated in this section are spent only after all other reasonable actions have been taken to utilize other funding sources and community-based services. The policies and procedures shall be designed to achieve the following objectives relating to services provided under chapter 232:

a. Maximize the utilization of funds which may be available from the medical assistance program including usage of the early and periodic screening, diagnosis, and treatment (EPSDT) program.

b. Recover payments from any third-party insurance carrier which is liable for coverage of the services, including health insurance coverage.

c. Pursue development of agreements with regularly utilized out-of-state service providers which are intended to reduce per diem costs paid to those providers.

4. The department of human services, in consultation with the state court administrator and the judicial district planning groups, shall compile a monthly report describing spending in the districts for court-ordered services for juveniles, including the utilization of the medical assistance program. The reports shall be submitted on or before the twentieth day of each month to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

5. Notwithstanding chapter 232 or any other provision of law, a district or juvenile court in a department of human services district shall not order any service which is a charge upon the state pursuant to section 232.141 if there are insufficient court-ordered services funds available in the district allocation to pay for the service. The chief juvenile court officer shall work with the judicial district planning group to encourage use of the funds appropriated in this section such that there are sufficient funds to pay for all court-related services during the entire year. The eight chief juvenile court officers shall attempt to anticipate potential surpluses and shortfalls in the allocations and shall cooperatively request the state court administrator to transfer funds between the districts' allocations as prudent.

6. Notwithstanding any provision of law to the contrary, a district or juvenile court shall not order a county to pay for any service provided to a juvenile pursuant to an order entered under chapter 232 which is a charge upon the state under section 232.141, subsection 4.

7. Of the funds appropriated in this section, not more than \$100,000 may be used by the judicial department for administration of the requirements under this section and for travel associated with court-ordered placements which are a charge upon the state pursuant to section 232.141, subsection 4.

8. Of the funds appropriated in this section, not more than \$400,000 may be transferred to the appropriation in this Act for child and family services and used to provide school-based supervision of children adjudicated under chapter 232.

Sec. 13. 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, 1996, and ending June 30, 1997, 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, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	41,537,333
.....	FTEs	927.16

1. The funds appropriated and full-time equivalent positions authorized in this section are allocated as follows:

a. State mental health institute at Cherokee:

.....	\$	13,581,308
.....	FTEs	306.04

b. State mental health institute at Clarinda:

.....	\$	6,172,607
.....	FTEs	136.82

c. State mental health institute at Independence:

.....	\$	16,946,094
.....	FTEs	401.82

d. State mental health institute at Mount Pleasant:

.....	\$	4,837,324
.....	FTEs	82.48

2. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

3. As part of the discharge planning process at the state mental health institutes, the department shall provide assistance in obtaining eligibility for federal supplemental security income (SSI) to those individuals whose care at a state mental health institute is the financial responsibility of the state.

Sec. 14. 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, 1996, and ending June 30, 1997, 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, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	62,029,824
.....	FTEs	1,516.00

1. The funds appropriated and full-time equivalent positions authorized in this section are allocated as follows:

a. State hospital-school at Glenwood:

.....	\$	35,070,700
.....	FTEs	872.50

b. State hospital-school at Woodward:

.....	\$	26,959,124
.....	FTEs	643.50

2. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

Sec. 15. MENTAL ILLNESS SPECIAL SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental illness special services:

..... \$ 121,220

1. The department and the Iowa finance authority shall develop methods to implement the financing for existing community-based facilities and to implement financing for the development of affordable community-based housing facilities. The department shall assure that clients are referred to the housing as it is developed.

2. The funds appropriated in this section are to provide funds for construction and start-up costs to develop community living arrangements to provide for persons with mental illness who are homeless. These funds may be used to match federal Stewart B. McKinney Homeless Assistance Act grant funds.

Sec. 16. 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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used by the division of children and family services for the purpose designated:

For the family support subsidy program:

..... \$ 1,344,000

The division of children and family services shall utilize not more than \$200,000 of the funds appropriated in this section to implement a pilot project of the children-at-home component under the comprehensive family support program in at least one rural and one urban county. Not more than \$50,000 of the funds allocated in this paragraph shall be used for administrative costs.

Sec. 17. SPECIAL NEEDS GRANTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To provide special needs grants to families with a family member at home who has a developmental disability or to a person with a developmental disability:

..... \$ 53,212

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 or to provide for independent living costs. The grants may be administered by a private nonprofit agency which serves people statewide provided that no administrative costs are received by the agency. Regular reports regarding the special needs grants with the family support subsidy program and an annual report concerning the characteristics of the grantees shall be provided to the legislative fiscal bureau.

Sec. 18. MI/MR/DD STATE CASES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purchase of local services for persons with mental illness, mental retardation, and developmental disabilities where the client has no established county of legal settlement:

..... \$ 5,454,000

If a county has a county management plan which is approved by the director of human services pursuant to section 331.439, the services paid for under this section are exempt from the department's purchase of service system requirements. The department shall adopt rules to implement the provisions of this paragraph.

Sec. 19. MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES – COMMUNITY SERVICES FUND. There is appropriated from the general fund of the state to the mental health and developmental disabilities community services fund created in section 225C.7 for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental health and developmental disabilities community services in accordance with this Act:

..... \$ 16,230,000

1. Of the funds appropriated in this section, \$15,951,138 shall be allocated to counties for funding of community-based mental health and developmental disabilities services. The moneys shall be allocated to a county as follows:

a. Fifty percent based upon the county's proportion of the state's population of persons with an annual income which is equal to or less than the poverty guideline established by the federal office of management and budget.

b. Fifty percent based upon the county's proportion of the state's general population.

2. a. A county shall utilize the funding the county receives pursuant to subsection 1 for services provided to persons with a disability, as defined in section 225C.2. However, no more than 50 percent of the funding shall be used for services provided to any one of the service populations.

b. A county shall use at least 50 percent of the funding the county receives under subsection 1 for contemporary services provided to persons with a disability, as described in rules adopted by the department.

3. Of the funds appropriated in this section, \$30,000 shall be used to support the Iowa compass program providing computerized information and referral services for Iowans with disabilities and their families.

4. The department shall submit an annual report concerning each population served and each service funded in this section to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

5. Of the funds appropriated in this section, not more than \$248,862 shall be provided to those counties having supplemental per diem contracts in effect on June 30, 1994, which were originally initiated under 1993 Iowa Acts, chapter 172, section 16, subsection 2. The amount provided to each county shall be equal to the amount the county would be eligible to receive under the supplemental per diem contracts in effect on June 30, 1994, if the contracts were continued in effect for the entire fiscal year beginning July 1, 1996.

6. a. Funding from the federal social services block grant in the amount of \$13,038,763 is allocated for distribution to counties for local purchase of services for persons with mental illness or mental retardation or other developmental disability.

b. The funds allocated in this subsection shall be expended by counties in accordance with eligibility guidelines established in the department's rules outlining general provisions for service administration. Services eligible for payment with funds allocated in this subsection are limited to any of the following which are provided in accordance with the department's administrative rules for the services: adult support, adult day care, administrative support for volunteers, community supervised apartment living arrangements, residential services for adults, sheltered work, supported employment, supported work training, transportation, and work activity.

c. In purchasing services with funds allocated in this subsection, a county shall designate a person to provide for eligibility determination and development of a case plan for individuals for whom the services are purchased. The designated person shall be a medical assistance case manager serving the person's county of residence. If an individual does not have a case manager, the individual's eligibility shall be determined by a social services caseworker of the department serving the individual's county of residence. The case plan shall be developed in accordance with the department's rules outlining general provisions for service administration.

d. Services purchased with funds allocated in this subsection must be the result of a referral by the person who identified the services in developing the individual's case plan.

e. Services purchased with funds allocated in this subsection must be under a purchase of service contract established in accordance with the department's administrative rules for purchase of service.

f. The funds provided by this subsection shall be allocated to each county as follows:

(1) Fifty percent based upon the county's proportion of the state's population of persons with an annual income which is equal to or less than the poverty guideline established by the federal office of management and budget.

(2) Fifty percent based upon the amount provided to the county for local purchase of services in the preceding fiscal year.

g. Each county shall submit to the department a plan for funding of the services eligible for payment under this subsection. The plan may provide for allocation of the funds for one or more of the eligible services. The plan shall identify the funding amount the county allocates for each service and the time period for which the funding will be available. Only those services which have funding allocated in the plan are eligible for payment with funds provided in this subsection.

h. A county shall provide advance notice to the individual receiving services, the service provider, and the person responsible for developing the case plan of the date the county determines that funding will no longer be available for a service.

i. The moneys provided under this subsection do not establish an entitlement to the services funded under this subsection.

7. If a county has a county management plan which is approved by the director of human services pursuant to section 331.439, the county shall be considered to have met the requirements of subsection 2, and subsection 6, paragraphs "b", "c", "d", "e", and "g". The department shall adopt rules to implement the provisions of this subsection.

Sec. 20. PERSONAL ASSISTANCE - FAMILY SUPPORT. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount or so much thereof as is necessary, to be used for the purpose designated:

For continuation of a pilot project for the personal assistance services program in accordance with this section:

..... \$ 364,000

The funds appropriated in this section shall be used by the division of children and family services to continue the pilot project for the personal assistance services program under section 225C.46 in an urban and a rural area. A portion of the funds may be used for costs to develop a federal home and community-based waiver under the medical assistance program for persons with physical disabilities or other expenditures necessary to develop the personal assistance program in the most appropriate and cost-effective manner. However, not more than \$50,000 shall be used for administrative costs. The pilot project and the waiver shall not be implemented in a manner that would require additional county or state costs for assistance provided to an individual served under the pilot project or the waiver.

Sec. 21. FIELD OPERATIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

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

..... \$ 38,483,998

..... FTEs 2,019.00

Sec. 22. 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, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

*Item veto; see message at end of the Act

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

.....	\$	11,917,316
.....	FTEs	401.00

1. Of the funds appropriated in this section, \$57,090 is allocated for the prevention of disabilities policy council established in section 225B.3.

2. **a. Except as provided under this subsection and under the appropriation in this Act to the legislative council, the department shall not implement the options for service system modification developed by the department's modification teams in response to proposed federal action and shall not implement other actions in response to enacted federal changes affecting the programs administered by the department unless the department is implementing a policy or action authorized in law by the Seventy-sixth General Assembly, 1996 Session, or by the Seventy-seventh General Assembly.**

b. The department may make changes to the requirements for periodic reporting by participants under the family investment program, food stamp program, or medical assistance program if the changes would result in a reduction in paperwork for the participants and for department staff. If a federal waiver is necessary to implement a change, the department may submit the waiver request to the United States departments of health and human services and agriculture, as applicable. If the department elects to submit a waiver request or to adopt rules to implement a change under this paragraph, the department shall first consult with a group similar to the work group that considered the state human investment policy proposal or with a successor interagency task force which makes recommendations concerning the family investment program, and shall share the proposals with the chairpersons and ranking members of the committees on human resources of the senate and house of representatives.

c. If implementation of the request would result in increased federal funding and would permit greater flexibility in service funding, the department may submit a waiver request to the United States department of health and human services for Title IV-E funding to be provided to the state in a fixed amount. Prior to submission of the request, the department shall consult with representatives of the juvenile court and service providers.

Sec. 23. DEPARTMENT OF HUMAN SERVICES RESTRUCTURING TASK FORCE ON THE FUTURE OF HUMAN SERVICES. **There is appropriated from the general fund of the state to the legislative council for the fiscal period beginning July 1, 1996, and ending June 30, 1998, the following amount, or so much thereof as is necessary, to be used for the purpose designated:*

For expenses associated with the activities of the task force for assessing the structure and function of the department of human services and human services programs in accordance with this section:

.....	\$	75,000*
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1. The legislative council shall establish a task force to develop a comprehensive proposal for changing the role and function of the department of human services and its programs. The purpose of the changes is to improve services to Iowans through the creation of new federal, state, and local partnerships. The task force shall make recommendations regarding restructuring the department of human services in order to achieve better human services results, to improve the quality of service delivery, and to increase the quality of the department's interaction with the public. The task force may also assess program duplication and linkages with other federal, state, or local programs or funding streams.

2. The task force shall be composed of not more than 21 members appointed by the legislative council and shall include not more than five individuals recommended by the governor and legislators who are members of the joint appropriations subcommittee on human services and other knowledgeable legislators designated by the legislative council. The task force may use moneys appropriated in this section for technical assistance. The task force shall consult with service consumers, experts who are representative of organizations such as

*Item veto; see message at end of the Act

nonprofit service organizations, health insurers, and human services-oriented community organizations, representatives of local governments, representatives of state agencies, federal officials with expertise or responsibilities regarding human services in Iowa, and others, as determined by the task force. An interim report shall be completed prior to the convening of the Seventy-seventh General Assembly.

The task force shall provide for public input concerning the four modification proposals developed by the department in response to proposed federal actions submitted to the joint appropriations subcommittee on human services in February 1996.

The task force may establish work groups to assist in the task force's consideration of the modification proposals which may include the following:

a. A review of the child welfare modification proposal which may include input from representatives of the juvenile court, service providers, families receiving services, the attorney general, representatives of local governments, representatives of state agencies, and other citizens and officials.

b. A review of the mental health and developmental disabilities proposal which shall incorporate issues associated with implementation of the funding reform enacted in 1995 Iowa Acts, chapter 206; usage of service providers such as intermediate care facilities for the mentally retarded, state institutions, and other services for persons with disabilities; distribution of services throughout the state; and other issues. In addition, the review shall consider a proposal to replace the single contract for managed care under medical assistance with not more than four regional plans utilizing collaborations between community mental health centers as umbrella agencies.

c. A review of the family investment program proposal which may include input from the work group which considered the state human investment policy proposal or a successor interagency task force which makes recommendations to the department concerning the family investment program. Consideration of issues associated with the proposal may include review of the emergency assistance program, the family development and self-sufficiency (FaDSS) program, and child day care programs, and an assessment of the feasibility of transferring all or part of the functions of the child support recovery unit to other agencies of state government.

d. A review of the medical assistance proposal which may include input from representatives of the medical assistance advisory council, the long-term care resident's advocate, and consumer groups such as the Iowa affiliate of the American association of retired persons, Iowa citizens' action network, the governor's DD council which was formerly referred to as the governor's planning council for developmental disabilities, and representatives of maternal and child health centers.

3. If federal law requires the state to make changes in the programs and services directed to the populations addressed by the modification proposals and authorizes the changes to be made without state legislation, the department shall adopt rules to implement the changes. The rules shall be submitted to the task force for review and recommendation prior to their submission to the administrative rules review committee.

Sec. 24. VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For development and coordination of volunteer services: \$ 98,900

Sec. 25. MEDICAL ASSISTANCE, STATE SUPPLEMENTARY ASSISTANCE, AND SOCIAL SERVICE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.

1. a. The department of human services may allocate increases among items and procedures for durable medical products and supplies as deemed appropriate in cooperation with durable medical equipment and supply dealers, audiologists, and hearing aid dealers.

b. For the fiscal year beginning July 1, 1996, skilled nursing facilities shall remain at the rates in effect on June 30, 1996.

c. The dispensing fee for pharmacists shall remain at the rate in effect on June 30, 1996. The reimbursement policy for drug product costs shall be in accordance with federal requirements.

d. Reimbursement rates for inpatient and outpatient hospital services shall remain at the rates in effect on June 30, 1996. The department shall continue the outpatient hospital reimbursement system based upon ambulatory patient groups implemented pursuant to 1994 Iowa Acts, chapter 1186, section 25, subsection 1, paragraph "f". Reimbursements made between July 1, 1996, and June 30, 1997, under the outpatient hospital reimbursement system implemented pursuant to 1994 Iowa Acts, chapter 1186, section 25, subsection 1, paragraph "f", shall be retrospectively adjusted so that the reimbursement made is within a ten percent deviation of the lower of the cost or the charges for the services provided during the fiscal year ending June 30, 1996. In addition, the department shall continue the revised medical assistance payment policy implemented pursuant to that paragraph to provide reimbursement for costs of screening and treatment provided in the hospital emergency room if made pursuant to the prospective payment methodology developed by the department for the payment of outpatient services provided under the medical assistance program.

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

f. Home health agencies certified for the federal Medicare program, hospice services, and acute care mental hospitals shall be reimbursed for their current federal Medicare audited costs.

g. The basis for establishing the maximum medical assistance reimbursement rate for nursing facilities shall be the 70th percentile of facility costs as calculated from the June 30, 1996, unaudited compilation of cost and statistical data. However, to the extent funds are available within the amount projected for reimbursement of nursing facilities within the appropriation for medical assistance in this Act, and within the appropriation for medical assistance as a whole, the department shall adjust the maximum medical assistance reimbursement for nursing facilities to the 70th percentile, as calculated on December 31, 1996, unaudited compilation of cost and statistical data and the adjustment shall take effect January 1, 1997.

h. The department may modify the reimbursement methodology for skilled nursing facilities which participated in the medical assistance program on or before May 31, 1993, and which met the departmental disproportionate share payment provisions as of May 31, 1993, if it is possible to demonstrate that the modification would result in a cost savings to the medical assistance program.

i. The department may revise the fee schedule used for physician reimbursement.

j. Federally qualified health centers shall be reimbursed at 100 percent of reasonable costs as determined by the department in accordance with federal requirements.

k. The department may allocate increases among items and procedures for dental procedures as deemed appropriate in cooperation with dentists.

2. For the fiscal year beginning July 1, 1996, the maximum cost reimbursement rate for residential care facilities reimbursed by the department shall be \$21.54 per day. The flat reimbursement rate for facilities electing not to file semiannual cost reports shall be \$15.41 per day. For the fiscal year beginning July 1, 1996, the maximum reimbursement rate for providers reimbursed under the in-home health-related care program shall be \$414.11 per month.

3. Unless otherwise directed in this section, when the department's reimbursement methodology for any provider reimbursed in accordance with this section includes an inflation factor, this factor shall not exceed the amount by which the consumer price index for all urban consumers increased during the calendar year ending December 31, 1995.

4. Notwithstanding section 234.38, in the fiscal year beginning July 1, 1996, the foster family basic daily maintenance rate and the maximum adoption subsidy rate for children ages 0 through 5 years shall be \$12.34, the rate for children ages 6 through 11 years shall be \$13.06, the rate for children ages 12 through 15 years shall be \$14.23, and the rate for children ages 16 and older shall be \$15.12.

5. For the fiscal year beginning July 1, 1996, the maximum reimbursement rates for social service providers shall be the same as the rates in effect on June 30, 1996, except under any of the following circumstances:

a. If a new service was added after June 30, 1996, the initial reimbursement rate for the service shall be based upon actual and allowable costs.

b. If a social service provider loses a source of income used to determine the reimbursement rate for the provider, the provider's reimbursement rate may be adjusted to reflect the loss of income, provided that the lost income was used to support actual and allowable costs of a service purchased under a purchase of service contract.

c. The department revises the reimbursement rates as part of the changes in the mental health and developmental disabilities services system initiated pursuant to 1995 Iowa Acts, chapter 206 (Senate File 69), and associated legislation.

d. The reimbursement rate revision is necessary to implement the change required by the appropriation in this Act for an increase in the reimbursement for residential care facilities.

6. The group foster care reimbursement rates paid for placement of children out-of-state shall be calculated according to the same rate-setting principles as those used for in-state providers unless the director determines that appropriate care cannot be provided within the state. The payment of the daily rate shall be based on the number of days in the calendar month in which service is provided.

7. For the fiscal year beginning July 1, 1996, the combined service and maintenance components of the reimbursement rate paid to a shelter care provider shall be based on the cost report submitted to the department. The maximum reimbursement rate shall be \$76.61 per day. If the department would reimburse the provider at less than the maximum rate but the provider's cost report justifies a rate of at least \$76.61, the department shall readjust the provider's reimbursement rate to the maximum reimbursement rate. In January 1997, the department shall review the usage of shelter care and the funding allocated for shelter care, if the usage is less than anticipated and the existing contracts for provision of shelter care do not obligate the total amount of the funds allocated, the department may utilize moneys in the allocation, which would otherwise be unexpended, for wrap-around services or support to enable group foster care placement to be prevented or the length of stay reduced.

8. The department, through the drug utilization review commission, shall propose a pilot project for an alternative payment system, recommended in the study completed by the drug utilization review commission, for compensation of pharmacists for pharmaceutical care services under medical assistance at no cost to the state. The department shall submit the proposal to the members of the joint appropriations subcommittee on human services on or before November 30, 1996.

9. For the fiscal year beginning July 1, 1996, the department shall calculate reimbursement rates for intermediate care facilities for the mentally retarded at the 80th percentile. The department shall address any other proposals for containment of intermediate care facilities for the mentally retarded costs with the work group for restructuring of the department of human services created pursuant to this Act.

10. The department of human services shall adopt rules applicable to agencies providing services under the department's rehabilitative treatment program for children and their families to eliminate reimbursement rate limits on service components which are within a category of cost which itself has a reimbursement rate limit. The change required by this subsection shall be implemented in a manner which is cost neutral.

*11. *The department shall negotiate with providers of services under the department's medical assistance rehabilitative treatment program for children and families, to revise the*

*department's rules providing reimbursement rates under the program, including a review of cost principles. The goals for the revision are to simplify the reimbursement process, reduce paperwork for providers, and provide full payment for necessary services provided under contract with the department. Prior to adoption of the rules and no later than October 1, 1996, the department shall provide a description of the agreement to the chairpersons and ranking members of the joint appropriations subcommittee on human services. The provisions of this subsection shall be separate from the provisions of subsection 10.**

12. The department of human services, in consultation with representatives of nursing facilities, consumers, legislators, a representative of the department of management or the governor's designee, and other interested entities, shall do all of the following with the goals of improving the quality of care and improving the recruitment and retention of qualified direct health care providers in nursing facilities:

- a. Establish definitions for the direct health care, administrative, room and board, and property cost categories for reimbursement of nursing facilities under the medical assistance program.
- b. Analyze and make recommendations for the distribution of costs among the cost categories which may include elimination or replacement of the cost categories.
- c. Analyze and make recommendations to eliminate reimbursement rate limits on components which are within a category of cost which itself has a reimbursement rate limit.
- d. Conduct a cost-benefit analysis of incentive payments, evaluate their impact on quality of care and patient well-being, and make recommendations based upon the analysis and evaluation.
- e. Analyze and make recommendations for clarification and simplification of the cost report format, which may include standardization with the county charts of accounts.
- f. Analyze and make recommendations regarding the use of a reimbursement allowance for those nursing facilities serving a disproportionate share of medical assistance patients.
- g. Analyze and make recommendations regarding effective ways to mediate disputes between a nursing facility and the department of inspections and appeals concerning significant violations, prior to a formal appeal.
- h. Submit a report of the definitions, analysis, and recommendations to the general assembly on or before December 16, 1996.

13. The department may adopt emergency rules to implement the provisions of this section.

Sec. 26. RESIDENTIAL SERVICES – PURCHASE OF SERVICES – REIMBURSEMENT RATE INCREASE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1996, and ending June 30, 1997, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For an increase in the purchase of service reimbursement rate for adult residential services provided to persons residing in any category of licensed residential care facility. Beginning July 1, 1996, provider service rates for adult residential services shall be increased up to the amount of actual and allowable costs plus inflation, based upon the cost reports on which rates have been established as of April 1, 1996. However, a provider service rate shall not be increased by more than \$4.36 per day. If a provider service rate in effect prior to July 1, 1996, is greater than the actual and allowable costs plus inflation, based upon the cost report, or if the difference between the provider service rate and the actual and allowable costs is less than \$.44 per day, the provider service rate shall be increased by \$.44 per day:

..... \$ 1,300,000

1. Funding appropriated in this section shall be allocated to counties in accordance with the distribution guidelines for local purchase of services in accordance with the appropriation in this Act for the mental health and developmental disabilities community services fund. Use of the funding is restricted to reimbursement of a licensed residential care facility provider of adult residential services which had a purchase of service contract for those services in effect

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on June 30, 1996, and for which the rate negotiated for fiscal year 1996-1997 is greater than the rate paid in fiscal year 1995-1996.

2. Of the moneys appropriated in this section, \$130,000 shall be transferred to the appropriation in this Act for MI/MR/DD state cases and shall be used for payment of the increased reimbursement rate to residential care facilities providing services through local purchase of services for persons under the state cases program, and in accordance with the guidelines in this Act for local purchase of services.

Sec. 27. APPROPRIATIONS REDUCTIONS. The following appropriations in this Act for the fiscal year beginning July 1, 1996, and ending June 30, 1997, are reduced by a total of \$1,560,000: child support recovery, juvenile institutions, community-based programs, mental health institutes, state hospital-schools, field operations, and general administration. The department shall use the following guidelines in achieving these reductions:

1. As the highest priority, avoid disruptions of direct client services.
2. To the extent possible, use attrition to reduce the number of positions filled.
3. To the extent possible, not disproportionately affect a single job classification.
4. Not include in the reduction, the elimination of the 3.00 FTEs for managed care specialists in the medical services division.
5. Consider reductions in administration, overhead, and program duplication.

The department shall submit the department's plan for accomplishing the reductions to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the department of management, and the legislative fiscal bureau on or before June 15, 1996.

Sec. 28. STATE INSTITUTIONS - CLOSINGS, REDUCTIONS, AND BILLING PRACTICES.

1. If a state institution administered by the department of human services 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 Iowa department of economic development to develop new jobs in the area in which the state institution is located. In addition, the department may take other actions to utilize any closed unit or other facilities and services of an institution, including but not limited to assisting public or private organizations in utilizing the services and facilities. The actions may also include assisting an organization with remodeling and lease costs by forgiving future rental or lease payments to the extent necessary for a period not to exceed five years. The department of human services and the department of economic development shall submit a joint report to the chairpersons and ranking members of the joint appropriations subcommittee on human services on or before January 2, 1997, regarding any efforts made pursuant to this subsection.

2. For purposes of this section, "state institution" means a state mental health institute, a state hospital-school, the state training school, and the Iowa juvenile home under the authority of the department of human services listed in section 218.1. If excess capacity exists at a state institution beyond the capacity required for placements at the institution under law, the department of human services may enter into a contract with a managed care provider or an organized delivery system for health care, to provide services during the fiscal year beginning July 1, 1996, at the institution for the plan or system.

3. The department shall work with administrators of state institutions and the department of management and the legislative fiscal bureau in reviewing revenues and expenditures attributable to state institutions, applicable fiscal procedures, and other information as necessary to develop a proposal to revise the manner of making appropriations to these state institutions and of accounting for reimbursements and expenditures so that in future fiscal years the amounts appropriated reflect the net amount of state funds needed. The proposal shall be submitted to the general assembly on or before December 16, 1996. **If deemed feasible by those performing the review, the department of human services and the department of management shall incorporate the proposed revisions in the budget documents for the fiscal year beginning July 1, 1997.**

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4. The superintendents of the state hospital-schools shall work with the department's administrative staff in studying the manner in which services and costs are combined for purposes of billing for medical assistance reimbursement at the state hospital-schools. Following the study, the superintendents shall submit a report which may include a proposal for revising the state hospital-schools' manner of billing for medical assistance reimbursement to be more comparable to other intermediate care facilities for the mentally retarded. The report shall be submitted to the general assembly on or before December 16, 1996.

5. The superintendent of the state hospital-schools shall work with the department's administrative staff in developing methodologies to bill services, consultation, and other assistance provided by the state hospital-schools in support of community-based services. The department may implement the methodologies in the fiscal year beginning July 1, 1996.

*6. *In addition to existing planning efforts for community-based alternatives to placements at a state hospital-school, if the department's budget planning for fiscal year 1997-1998 includes a proposal for reduction of capacity at a state hospital-school or mental health institute, the department shall work with counties, service providers, advocates, and the department's contractor for managed mental health care under medical assistance, in developing a plan for community-based placements in place of the capacity proposed to be reduced. The plan shall be submitted for review to the task force on the future of human services created in this Act and to the state-county management committee. It is the intent of the general assembly that any authorization for any reduction of capacity at a state hospital-school or state mental health institute in fiscal year 1997-1998 is contingent upon development of sufficient community-based placements to replace the reduced capacity.**

7. To the extent possible, the department shall consult with the applicable workgroups of the task force on the future of the department of human services created in this Act concerning the activities required of the department pursuant to this section.

**Sec. 29. STANDARDS FOR CASELOADS. The department of human services shall develop a plan for meeting national standards on caseloads for the department's social workers.*

*The department shall submit the planning provisions required by this section to the members of the joint appropriations subcommittee on human services of the senate and house of representatives on or before January 8, 1997.**

Sec. 30. REPORTS. Any reports or information required to be compiled and submitted under this Act shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the legislative fiscal bureau, the legislative service bureau, and to the caucus staffs on or before the dates specified for submission of the reports or information.

Sec. 31. REPORTS BY PROVIDERS OF FOSTER CARE SERVICES - REVIEW - PROCESS SIMPLIFICATION. The department of human services shall consult with providers of rehabilitation treatment services relating to the medical assistance child services initiative in reviewing provider requirements relating to financial and statistical accountability reporting and the process for submission of the reports relating to these requirements. Following this review, and no later than January 1, 1997, the department of human services shall implement a process which provides, at a minimum, for a simplified means of documenting compliance with provider accountability requirements which shall, at a minimum, include consolidation of the reports required and which may provide a means for submission of the reports in an electronic format.

Sec. 32. Section 135H.6, Code 1995, is amended by adding the following new subsections:

NEW SUBSECTION. 5A. The department of human services may give approval to conversion of beds specializing in substance abuse treatment previously approved under subsection

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5, paragraph "b", to beds which are not specialized as referenced in subsection 5, paragraph "a". Beds converted under this subsection shall be in addition to the number of beds authorized under subsection 5, paragraph "a". However, the total number of beds approved under subsection 5 shall not exceed four hundred thirty. Conversion of beds under this subsection shall not require a revision of the certificate of need issued for the psychiatric institution making the conversion.

NEW SUBSECTION. 7. A psychiatric institution licensed prior to January 1, 1996, may exceed the number of beds authorized under subsections 5 and 5A if the excess beds are used to provide services funded from a source other than the medical assistance program under chapter 249A. Notwithstanding subsections 4, 5, and 5A, the provision of services using such excess beds does not require a certificate of need or a review by the department of human services.

Sec. 33. Section 228.5, subsection 1, Code 1995, is amended to read as follows:

1. An individual or an individual's legal representative shall be informed that mental health information relating to the individual may be disclosed to employees or agents of or for the same mental health facility or to other providers of professional services or their employees or agents if and to the extent necessary to facilitate the provision of administrative and professional services to the individual.

Sec. 34. Section 228.5, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Mental health information relating to an individual may be disclosed to other providers of professional services or their employees or agents if and to the extent necessary to facilitate the provision of administrative and professional services to the individual.

Sec. 35. Section 232.143, Code Supplement 1995, is amended to read as follows:

232.143 REGIONAL GROUP FOSTER CARE ~~TARGET~~ BUDGET TARGETS.

1. A statewide expenditure target ~~for the average number of~~ for children in group foster care placements ~~on any day of~~ in a fiscal year, which placements are a charge upon or are paid for by the state, shall be established annually in an appropriation bill by the general assembly. The department and the judicial department shall jointly develop a formula for allocating a portion of the statewide expenditure target established by the general assembly to each of the department's regions. The formula shall be based upon the region's proportion of the state population of children and of the statewide ~~number of children placed in usage of~~ group foster care in the previous five completed fiscal years and other indicators of need. The number expenditure amount determined in accordance with the formula shall be the group foster care placement budget target for that region. A region may exceed its budget target for group foster care by not more than five percent in a fiscal year, provided the overall funding allocated by the department for all child welfare services in the region is not exceeded.

2. For each of the department's regions, representatives appointed by the department and the juvenile court shall establish a plan for containing the ~~number of expenditures for~~ children placed in group foster care ordered by the court within the budget target allocated to that region pursuant to subsection 1. The plan shall include monthly targets and strategies for developing alternatives to group foster care placements in order to contain expenditures for child welfare services provided to children within the amount appropriated by the general assembly for that purpose. Each regional plan shall be established in advance of the fiscal year to which the regional plan applies. To the extent possible, the department and the juvenile court shall coordinate the planning required under this subsection with planning for services paid under section 232.141, subsection 4. The department's regional administrator shall communicate regularly, as specified in the regional plan, with the juvenile courts within that region concerning the current status of the regional plan's implementation.

**3. State payment for group foster care placements shall be limited to those placements which are in accordance with the regional plans developed pursuant to subsection 2. If a*

proposed group foster care placement in a region would meet the region's plan requirements except that the placement would cause a monthly or overall budget target to be exceeded and the child is eligible for an alternative service which is costlier and more restrictive than the proposed placement, the director of human services, after consultation with appropriate juvenile court officials, may allow an exception to policy and authorize the placement. At the close of the fiscal year, moneys for specific placements authorized by the director under this subsection shall be transferred from the state appropriation for the alternative placement to the appropriation for group foster care placements, as necessary to prevent a deficit in the appropriation for group foster care.*

Sec. 36. Section 234.39, unnumbered paragraph 1, Code Supplement 1995, is amended to read as follows:

It is the intent of this chapter that an individual receiving foster care services and the individual's parents or guardians, shall have primary responsibility for paying the cost of the care and services. The support obligation established and adopted under this section shall be consistent with the limitations on legal liability established under sections 222.78 and 230.15, and by any other statute limiting legal responsibility for support which may be imposed on a person for the cost of care and services provided by the department. The department shall notify an individual's parents or guardians at the time of the placement of an individual in foster care, of the responsibility for paying the cost of care and services. Support obligations shall be established as follows:

Sec. 37. Section 234.39, Code Supplement 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The support debt for the costs of services, for which a support obligation is established pursuant to this section, which accrues prior to the establishment of the support debt, shall be collected, at a maximum, in the amount which is the amount of accrued support debt for the three months preceding the earlier of the following:

- a. The provision by the child support recovery unit of the initial notice to the parent or guardian of the amount of the support obligation.
- b. The date that the written request for a court hearing is received by the child support recovery unit as provided in section 252C.3 or 252F.3.

*Sec. 38. NEW SECTION. 239.23 FAMILY INVESTMENT PROGRAM HOST HOMES.

1. As used in this section, unless the context otherwise requires:

a. "Host home" means a host home authorized in accordance with the provisions of this section and licensed by the department to provide a living arrangement and related services to minor parents and pregnant minors or an alternative adult supervised placement approved by the department.

b. "Minor parent" means a recipient of or applicant for assistance who is less than eighteen years of age and has never been married.

2. The department shall perform a home assessment of a minor parent who applies for assistance to assess the minor parent's living arrangement prior to the granting of assistance. If a minor parent is receiving assistance at the time the provisions of this section are implemented, the department shall perform a home assessment as a condition of continued assistance.

3. If the department determines, based upon the home assessment, that the minor parent is living in an environment which is conducive to the positive upbringing of the minor parent's child, the department may allow the minor parent to continue living in the home with the parent or the legal guardian of the minor parent or in another current living arrangement which is approved by the department.

4. If the department determines, based upon the home assessment, that good cause exists for the minor parent to not live with their parent or legal guardian or in the other current living arrangement because the home environment is not conducive to the minor parent's physical,

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emotional, or mental well-being, the department shall require the minor parent to relocate to a host home, as a condition of assistance under this chapter. If the minor parent does not live in a host home and the department determines the resulting level of risk to the minor parent warrants the filing of a child in need of assistance petition, the department shall file the petition.

5. If the department determines, based upon the home assessment, that remaining in the current living arrangement is not in the best interest of the minor parent or a child of the minor parent and the minor parent is placed in a host home, the parent or legal guardian shall be referred to the department's child support recovery unit to establish a child support obligation in accordance with the child support guidelines prescribed pursuant to section 598.21, subsection 4, not to exceed the cost of the host home placement. However, if a child in need of assistance petition is filed and the child is placed in a foster care setting, the child support obligation shall be determined as provided in section 234.39.

6. a. The department shall issue a request for proposals for grants for nonprofit organizations to establish host homes to provide adult supervision to minor parents and pregnant minors presumed to be eligible for assistance. A proposal shall demonstrate the organization's ability to provide supervision, services, and other support to enable a minor parent or pregnant minor to develop self-sufficiency.

b. Funding for a host home shall be obtained through assignment of the minor parent's assistance under this chapter, as permitted under federal law or waiver, through child support recovered from the parent or legal guardian of the minor parent, and through appropriations made for the purposes of reimbursing host homes.

c. The department shall adopt rules for licensing of host homes which are distinct from foster care licensure requirements.

d. Host home services shall include but are not limited to training in family development, parenting and self-sufficiency skills, and assistance in completing an education.

e. A host home shall not be considered to be a group foster care facility or to be another licensed facility which provides care for children. The placement of a minor parent or pregnant minor and the children of a minor parent shall not be considered a placement which is subject to the statewide target for the number of group foster care placements under section 232.143 and associated provisions.

7. This section shall not be implemented prior to July 1, 1997, and implementation is contingent upon federal approval of a waiver authorizing the implementation.*

Sec. 39. Section 252B.4, Code 1995, is amended to read as follows:

252B.4 NONASSISTANCE CASES.

The child support and paternity determination services established by the department pursuant to this chapter and other appropriate services provided by law including but not limited to the provisions of chapters 239, 252A, 252C, 252D, 252E, 252F, 598, and 600B shall be made available by the unit to an individual not otherwise eligible as a public assistance recipient upon application by the individual for the services. The application shall be filed with the department.

1. The director shall require an application fee of five dollars.

2. The director may ~~require an additional~~ collect a fee to cover the costs incurred by the department ~~in providing the support collection and paternity determination services for service of process, genetic testing and court costs if the entity providing the service charges a fee for the services.~~

~~a. The director shall, by rule, establish and inform all applicants for support enforcement and paternity determination services of the fee schedule.~~

~~b. The additional fee for services may be deducted from the amount of the support money recovered by the department or may be collected from the recipient of the services following recovery of support money by the department.~~

3. When the unit intercepts a federal tax refund of an obligor for payment of delinquent support and the funds are due to a recipient of services who is not otherwise eligible for public

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assistance, the unit shall deduct a twenty-five dollar fee from the funds before forwarding the balance to the recipient.

a. The unit shall inform the recipient of the fee under this subsection prior to assessment.

b. The fee shall be assessed only to individuals who receive support from the federal tax refund offset program. If the tax refund due the recipient is less than fifty dollars, the fee shall not be assessed.

~~4. The department may adopt rules to establish fees which provide for recovery of administrative costs of the program in addition to other fees identified.~~

~~5.~~ 4. Fees collected pursuant to this section shall be retained by the department for use by the unit. The director or a designee shall keep an accurate record of funds so retained.

~~6.~~ 5. An application fee paid by a recipient of services pursuant to subsection 1 may be recovered by the unit from the person responsible for payment of support and if recovered, shall be used to reimburse the recipient of services.

a. The fee shall be an automatic judgment against the person responsible to pay support.

b. This subsection shall serve as constructive notice that the fee is a debt due and owing, is an automatic judgment against the person responsible for support, and is assessed as the fee is paid by a recipient of services. The fee may be collected in addition to any support payments or support judgment ordered, and no further notice or hearing is required prior to collecting the fee.

c. Notwithstanding any provision to the contrary, the unit may collect the fee through any legal means by which support payments may be collected, including but not limited to income withholding under chapter 252D or income tax refund offsets, unless prohibited under federal law.

d. The unit is not required to file these judgments with the clerk of the district court, but shall maintain an accurate accounting of the fee assessed, the amount of the fee, and the recovery of the fee.

e. Support payments collected shall not be applied to the recovery of the fee until all other support obligations under the support order being enforced, which have accrued through the end of the current calendar month, have been paid or satisfied in full.

f. This subsection applies to fees that become due on or after July 1, 1992.

**Sec. 40. Section 426B.2, subsection 5, Code Supplement 1995, is amended to read as follows:*

*5. The department of human services shall notify the director of revenue and finance of the amounts due a county in accordance with the provisions of this section. The director of revenue and finance shall draw warrants on the property tax relief fund, payable to the county treasurer in the amount due to a county in accordance with subsections 1 and 3 and ~~mail~~ distribute the warrants to the county auditors ~~in September on July 1 and March January 1~~ on July 1 and March January 1 of each year. Warrants for the state payment in accordance with subsection 2 shall be ~~mailed~~ distributed in January of each year.**

Sec. 41. NEW SECTION. 514I.1 IOWA HEALTHY KIDS PROGRAM – LEGISLATIVE INTENT.

1. The general assembly finds that increased access to health care services could improve children's health and reduce the incidence and costs of childhood illness and disabilities among children in this state. Many children do not have health care services available or funded, and for those who do, lack of access is a restriction to obtaining such services. It is the intent of the general assembly that a program be implemented to provide health care services and comprehensive health benefits or insurance coverage to children. A goal for the program is to cooperate with any existing programs with similar purposes funded by either the public or private sector.

2. For the purposes of this chapter, unless the context otherwise requires:

a. "Advisory council" means the advisory council created by the division under section 514I.4.

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- b. "Division" means the insurance division of the department of commerce.
- c. "Program" means the program developed by the division in accordance with section 514I.3.

Sec. 42. NEW SECTION. 514I.2 IOWA HEALTHY KIDS PROGRAM AUTHORIZATION.

1. The general assembly authorizes the division to implement the Iowa healthy kids program. The division shall have all powers necessary to carry out the purposes of this chapter, including, but not limited to, the power to receive and accept grants, loans, or advances of funds from any person and to receive and accept from any source contributions of money, property, labor, or any other thing of value, to be held, used, and applied for the purposes of the program.

2. The program shall operate initially on a pilot project basis to include urban and rural areas. Expansion beyond the initial pilot project is subject to authorization by law.

3. Implementation of the program shall be limited to the extent of the funding appropriated for the purposes of the program.

Sec. 43. NEW SECTION. 514I.3 IOWA HEALTHY KIDS PROGRAM OBJECTIVES.

The division shall develop a program to attain all of the following objectives:

1. Organize groupings of children for provision of comprehensive health benefits or insurance coverage.

2. Arrange for the collection of any payment or premium, in an amount to be determined by the division. The payment or premium shall be collected from a family of a participating child or other person to provide for payment for health care services or premiums for comprehensive health benefits or insurance coverage and for the actual or estimated administrative expenses incurred during the period for which the payments are made. The amount of payment or premium charged shall be based on the ability of the family of a child to pay. The division shall provide for adjustment of the amount charged to reflect contributions, public subsidy, or other means used to defray the amount charged.

3. Establish administrative and accounting procedures for the operation of the program.

4. Establish, in consultation with appropriate professional organizations, standards for health care services, providers, and comprehensive health benefits or insurance coverage appropriate for children and their family members.

5. Establish eligibility criteria which children and their family members must meet in order to participate in the program.

6. Establish participation criteria for the program and, if appropriate, contract with an authorized insurer, health maintenance organization, or insurance or benefits administrator to provide administrative services to the program.

7. Contract with authorized insurers, benefits providers, or any provider of health care services meeting standards established by the division, for the provision of comprehensive health benefits or insurance coverage and health care services to participants.

8. Develop and implement a plan to publicize the program, eligibility requirements of the program, and procedures for enrollment in the program and to maintain public awareness of the program.

9. Provide for administration of the program.

10. As appropriate, enter into contracts with local school boards or other agencies to provide on-site information, enrollment, and other services necessary to the operation of the program.

11. Provide an interim report on or before March 1, 1997, to the governor and general assembly, on the development of the program to date and an annual report thereafter until the program is terminated or extended statewide.

Sec. 44. NEW SECTION. 514I.4 ADVISORY COUNCIL.

1. The division may create an advisory council to assist the division in implementing the program. The advisory council membership may include, but is not limited to, the following:

- a. A school administrator.
 - b. A member of a school board.
 - c. An employee of the state or local government in public health services.
 - d. A pediatrician who is a member of the American academy of pediatrics, Iowa chapter.
 - e. The director of human services or the director's designee.
 - f. A member of the association of Iowa hospitals and health systems.
 - g. A representative of authorized health care insurers or health maintenance organizations.
 - h. A representative of a university center for health issues.
 - i. A family practice physician who is a member of the Iowa academy of family physicians.
 - j. A school nurse who is a member of the Iowa nurses association.
 - k. The director of public health or the director's designee.
 - l. A citizen who is knowledgeable concerning health care and children's issues.
 - m. A citizen who is a parent with children at home who is active in a school-parent organization.
2. Advisory council members are entitled to receive, from funds of the division, reimbursement for actual and necessary expenses incurred in the performance of their official duties.

Sec. 45. NEW SECTION. 514I.5 LICENSING NOT REQUIRED – FISCAL OPERATION.

1. Health benefits or insurance coverage obtained under the program is secondary to any other available private or public health benefits or insurance coverage held by the participant child. The division may establish procedures for coordinating benefits under this program with benefits under other public and private coverage.
2. The program shall not be deemed to be insurance. However, the insurance division may require that any marketing representative utilized and compensated by the program be appointed as a representative of the insurers or health benefits services providers with which the program contracts.

Sec. 46. NEW SECTION. 514I.6 THE IOWA HEALTHY KIDS TRUST FUND.

1. An Iowa healthy kids trust fund is created in the state treasury under the authority of the commissioner of insurance, to which all appropriations shall be deposited and used to carry out the purposes of this chapter. Other revenues of the program such as grants, contributions, matching funds, and participant payments shall not be considered revenue of the state, but rather shall be funds of the program. However, the division may designate portions of grants, contributions, matching funds, and participant payments as funds of the state and deposit those funds in the trust fund.
2. The trust fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state. The moneys in the trust fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the trust fund shall be credited to the trust fund.

Sec. 47. NEW SECTION. 514I.7 ACCESS TO RECORDS – CONFIDENTIALITY – PENALTIES.

1. Notwithstanding any other law to the contrary, the program shall have access to the medical records of a child who is participating or applying to participate in the program upon receipt of permission from a parent or guardian of the child, including but not limited to the medical records maintained by the state or a political subdivision of the state. Notwithstanding chapter 22, any identifying information, including medical records and family financial information, obtained by the program pursuant to this subsection is confidential. Except as provided in section 252B.9, chapter 252E, or any federal law or regulation to the contrary, the program, the program's employees, and agents of the program shall not release, without the written consent of the participant or the parent or guardian of the participant, to any state or federal agency, to any private business or person, or to any other entity, any confidential information received pursuant to this subsection.
2. A violation of the provisions of subsection 1 is a serious misdemeanor.

Sec. 48. FEDERAL WAIVERS.

1. The department of human services shall submit a waiver request or requests to the United States department of health and human services as necessary to implement the changes in the family investment program and host home provisions under section 239.23 as enacted by this Act.* In addition, the department may submit additional waiver requests to the United States department of health and human services to make changes to the medical assistance program under chapter 249A, as necessary to revise the program in accordance with any waiver provision implemented pursuant to section 239.23.

2. The waiver request or requests submitted by the department of human services to the United States department of health and human services shall be to apply the provisions of section 239.23 statewide. If federal waiver approval of the provisions is granted, the department of human services shall implement the provisions in accordance with the federal approval. If an approved waiver is in conflict with a provision of state law, the waiver provision shall apply and the department shall propose an amendment to resolve the conflict. The proposed amendment shall be submitted in accordance with the provisions of section 2.16 to the Seventy-seventh General Assembly.

3. The department of human services shall adopt administrative rules pursuant to chapter 17A to implement the provisions of an approved waiver. If necessary to conform with federal waiver terms and conditions or to efficiently administer the provisions, the rules may apply additional policies and procedures which are consistent with the provisions of the approved waiver.

4. The effective date of a waiver requested under this section which is granted by the federal government shall be established by rule but shall not be earlier than July 1, 1997. If federal law is enacted to permit the state to implement a provision of section 239.23 without a federal waiver, the department shall proceed to implement the provisions within the time frame specified in this subsection.

Sec. 49. EMERGENCY RULES. If specifically authorized by a provision of this Act, the department of human services or the mental health and mental retardation commission may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions and the rules shall become effective immediately upon filing, unless the effective date is delayed by the administrative rules review committee, notwithstanding section 17A.4, subsection 5, and section 17A.8, subsection 9, or a later effective date is specified in the rules. Any rules adopted in accordance with this section shall not take effect before the rules are reviewed by the administrative rules review committee. Any rules adopted in accordance with the provisions of this section shall also be published as notice of intended action as provided in section 17A.4.

Sec. 50. EFFECTIVE DATE. The following provisions of this Act, being deemed of immediate importance, take effect upon enactment:

1. Section 4, subsection 2, relating to the mental health managed care program.
2. Section 6, subsection 13, relating to moneys appropriated in 1996 Iowa Acts, House File 2114.
3. Section 10, subsection 18, relating to expenditure of federal funds for child and family services.
4. Section 27, relating to appropriations reductions.

Approved May 29, 1996, except the items which I hereby disapprove and which are designated as Section 3, subsection 10 in its entirety; Section 4, subsection 3 in its entirety; Section 6, subsection 10 in its entirety; Section 6, subsections 12 and 13 in their entirety; that portion of Section 11, subsection 5 which is herein bracketed in ink and initialed by me; that portion of Section 20, unnumbered and unlettered paragraph 2 which is herein bracketed in ink and

*Section 38 of this Act item vetoed by the Governor

initialed by me; Section 22, subsection 2, paragraph a in its entirety; that portion of Section 23 which is herein bracketed in ink and initialed by me; Section 25, subsection 11 in its entirety; that portion of Section 28, subsection 3 which is herein bracketed in ink and initialed by me; Section 28, subsection 6 in its entirety; Section 29 in its entirety; Section 31 in its entirety; that portion of Section 35 which is herein bracketed in ink and initialed by me; Section 38 in its entirety; and Section 40 in its 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 Mr. Secretary:

I hereby transmit Senate File 2442, an Act relating to appropriations for the department of human services and the prevention of disabilities policy council and including other provisions and appropriations involving human services and health care and providing for effective and applicability dates.

Senate File 2442 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 3, subsection 10, in its entirety. This item would require the Department of Human Services to expand its "pay and chase" policies relating to third-party reimbursements for pharmacy services to include all pharmacy claims involving third-party payors. The projected first year cost for this item is \$345,000 which is not included in any appropriations made to the department for the next fiscal year.

I am unable to approve the item designated as Section 4, subsection 3, in its entirety. This item directs the Department of Human Services to include specific terms and conditions in all future contracts negotiated under the Medicaid program. It is appropriate for the legislature to expect the department to negotiate contracts which provide the needed services at the best price for Iowa taxpayers, and to hold the department accountable for the quality and costs of those services. However, to assure that the goals of quality and cost-effectiveness are accomplished, the department must retain the flexibility necessary to negotiate the specific details of the contracts.

I am unable to approve the item designated as Section 6, subsection 10, in its entirety. This item appropriates \$20,000 to the Department of Human Services to study child care issues, including the development of "volunteer evaluation teams" to inspect registered family day care homes. The department has adequate resources to review the state's policies relating to child care, including the most appropriate system to evaluate the quality of care provided by registered family day care homes. As a result of this action, this \$20,000 will remain unspent and will revert to the general fund at the end of the fiscal year that begins on July 1, 1996 and ends on June 30, 1997.

I am unable to approve the item designated as Section 6, subsection 12, in its entirety. This item would create an entitlement for certain persons to receive child care assistance. Establishing child care services as an entitlement for certain persons is inconsistent with long-standing state policy and would treat some persons differently than others in the receipt of child care services.

I am unable to approve the item designated as Section 6, subsection 13, in its entirety. This item would roll forward and reappropriate unspent fiscal year 1996 child care dollars to be used in fiscal year 1997. Additional funding in the amount of \$4.6 million is provided for child care in this bill, an amount that doubles current state spending for child care assistance. With this increase, over \$36.2 million will be available in fiscal year 1997 to address the child care needs of low-income Iowans.

I am unable to approve the designated portion of Section 11, subsection 5. This item would provide an additional \$115,000 for the Healthy Families program. I included in my budget recommendations an increase of \$285,000 for the Healthy Families program, making a total of \$952,000 available for the program in fiscal year 1997. The additional funding recommended in my budget is included in House File 2448, which I have already approved. As a result of this action, this \$115,000 will remain unspent and will revert to the general fund at the end of the fiscal year that begins July 1, 1996 and ends on June 30, 1997.

I am unable to approve the designated portion of Section 20, unnumbered and unlettered paragraph 2. This item would assign responsibilities to one division within the Department of Human Services under the authority granted to another in the Iowa Code. A veto of this provision will avoid possible confusion and problems in implementing the pilot program funded in this section.

I am unable to approve the item designated as Section 22, subsection 2, paragraph a, in its entirety. This item would prohibit the Department of Human Services from taking action in response to federal legislation affecting the operation and funding of its programs without specific authority from the legislature to do so. This provision would make it nearly impossible for the department to respond to unanticipated action by Congress at times when the legislature is not in session.

I am unable to approve the designated portion of Section 23. This item would appropriate \$75,000 to the legislative council to study the structure and functions of the Department of Human Services. While a legislative review of the department's organization and responsibilities is appropriate, an appropriation to support the effort is unnecessary.

I am unable to approve the item designated as Section 25, subsection 11, in its entirety. This item would require the Department of Human Services to negotiate with certain service providers revisions to the department's rules relating to reimbursement for their services. While the goals of simplifying the reimbursement process and reducing paperwork for providers are laudable and should be accomplished, the third goal of increasing the reimbursement rate by departmental rule without providing an accompanying appropriation is fiscally irresponsible and can not be approved.

I am unable to approve the designated portion of Section 28, subsection 3. This item would require the Department of Human Services and the Department of Management to include specific recommendations in their fiscal year 1998 budgets. This requirement exceeds the authority of the legislature in the budgeting process and for that reason can not be approved.

I am unable to approve Section 28, subsection 6, in its entirety. This item would impose certain procedural requirements on the Department of Human Services in its planning for the state hospital-schools and mental health institutes. The state's practice is to make adjustments at the institutions only after appropriate placements in the community have been found for the residents. Therefore, the procedure provided in this subsection is unnecessary.

I am unable to approve the item designated as Section 29, in its entirety. This item would direct the Department of Human Services to develop a plan for meeting national standards for social worker caseloads. Social workers' duties vary from state to state and the differences are often related to the technology available to workers in performing their tasks. New technologies are being implemented on a continuous basis to make it possible for Iowa workers to work more efficiently and effectively. Also, services that may be included as part of a social worker's duties in other states are contracted out in Iowa. Given these variances, national standards can not be directly applied to Iowa's experience.

I am unable to approve the item designated as Section 31, in its entirety. This item would require the Department of Human Services to consult with rehabilitation treatment providers in a review of the requirements and process relating to financial and statistical accountability reporting. While I support efforts to simplify and streamline the reporting requirements and process, the time frame for implementation provided in this section is unrealistic and can not be approved.

I am unable to approve the designated portion of Section 35. This item would allow an exception to be granted for group foster care placement when the budget targets would be exceeded if alternative services would be more costly and more restrictive than the proposed placement. While I support the goal of providing appropriate services at the lowest cost for Iowa taxpayers, I am not convinced that the policy change proposed here can be accomplished without creating a deficit situation in the department's budget.

I am unable to approve the item designated as Section 38, in its entirety. This item would create a new program to begin July 1, 1997, having an estimated ongoing cost in excess of \$1.75 million. This proposal requires more review by the legislature, with special consideration given to the potential cost of the program, before it can be approved.

I am unable to approve the item designated as Section 40, in its entirety. This item would change the dates mental health property tax relief payments are due, which will result in a cost to the state of \$1 million in lost interest income.

For the above reasons, I respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2442 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*