

F I N A L R E P O R T
HOUSE FILE 701 JOINT SUBCOMMITTEE
OF THE
SENATE AND HOUSE COMMITTEES ON HUMAN RESOURCES

January, 1980

House File 701, "A Bill For An Act to establish a state department of mental health, prescribe its powers and duties, transfer to it certain responsibilities presently imposed on the division of mental health of the department of social services and on the Iowa mental health authority, and make amendments in conformity with these changes to various sections of the Code as necessary," was passed by the House by a vote of 94-2 on April 4, 1979. After engrossing of amendments adopted by the House, the bill was reported to the Senate on April 12. There it was referred to the Committee on Human Resources and assigned to a five-member subcommittee, but no further action was taken on the bill during the few remaining weeks of the 1979 Session.

As that Session neared an end, concurrent resolutions were filed in each house asking that a joint interim subcommittee of the standing Human Resources Committees meet during the 1979 interim to study House File 701 as passed by the House, with particular emphasis upon review of the bill's various provisions affecting funding of mental health services in Iowa. The Legislative Council authorized appointment of a ten-member Joint Subcommittee to conduct the interim study of House File 701. The Joint Subcommittee held its initial meeting on August 13, and met subsequently on October 3 and October 24.

Members of the 1979 interim House File 701 Joint Subcommittee are:

Senator Julia B. Gentleman, Des Moines, Co-chairperson
Representative Betty Jean Clark, Rockwell, Co-chairperson
Senator Rolf V. Craft, Decorah
Senator Charles P. Miller, Burlington
Senator Tom Slater, Council Bluffs
Senator Sue Yenger, Ottumwa
Representative Gregory D. Cusack, Davenport
Representative Lyle R. Krewson, Urbandale
Representative Joyce Lonergan, Boone
Representative Virginia Poffenberger, Perry

The five senators also constitute the Senate Human Resources subcommittee to which House File 701 has been assigned, Senator Yenger serving in lieu of Senator Willard Hansen who was named to the Subcommittee during the 1979 Session. The representatives listed served on the House Human Resources subcommittee which completed development of House File 701 and managed it on the floor of the House. That subcommittee was chaired by Representative Krewson and included a sixth member, Representative Kenneth DeGroot of Doon.

Recommendations

On October 24, the Joint Subcommittee adopted by a vote of 6-0 (with two members passing), a motion reaffirming support of the concept of a separate state mental health agency, which would take over those present functions of the Department of Social Services' Division of Mental Health Resources which relate to treatment of mentally ill persons, and would replace the existing Iowa Mental Health Authority at Iowa City. The Joint Subcommittee defeated by a vote of 3-5 a motion which would have recommended that the Division of Mental Health Resources' present responsibility for programs for mentally retarded persons also be transferred to the proposed new state mental health agency. Two more specific recommendations, both relating to funding of mental health services, were also adopted.

Increased Funding Level. A recommendation to the Senate and House Appropriations Committees for the appropriation of an additional \$4,000,000, above current appropriations, for state mental health services and administration was adopted by a vote of 6-2. The motion included no specific suggestion about how the additional funds should be divided between services and administration.

It is recognized that removal of the mental health services function from the Department of Social Services to a new state agency will probably result in some additional administrative costs. The bill is drafted so as to take effect on January 1 following its enactment. The Legislative Fiscal Bureau, in a fiscal note prepared at the time the House acted on House File 701, estimated that the additional state administrative cost for the balance of the fiscal year during which the Act first takes effect would be approximately \$615,588. The Fiscal Bureau further estimated that the first full year of operation of the new agency would result in an additional \$1,104,916 in state administrative costs.

It should be noted that the Joint Subcommittee has indicated some reluctance to recommend administrative funding at this level. Some House members, in particular, have stated repeatedly that the House subcommittee did not intend to, and did not believe that it had, proposed an administrative framework that would entail additional costs of such magnitude.

Revised Funding Methods. Following discussions at its October 3 meeting, the Joint Subcommittee directed the Legislative Service Bureau to prepare a number of amendments to House File 701 as passed by the House, affecting parts of the bill which would govern funding of mental health services in Iowa. The general objective of the amendments is to afford county boards of supervisors greater flexibility in the use of state funds appropriated to help pay the cost of mental health services. The amendments may also tend to

shift the burden of funding mental health services from counties to the state to some extent, to encourage development of a broader range of community-based mental health services, and thereby to make institutionalization at the state mental health institutes a less attractive treatment alternative. Most of the amendments prepared in response to the Joint Subcommittee's October 3 directive were approved on October 24 for eventual recommendation to the Senate Human Resources Committee. The effect of these amendments to House File 701 is generally as follows:

1. Whereas the House passed bill provides for the present 20% state subsidy for the cost of treatment at mental health institutes of patients who are residents of Iowa counties to rise to 40% by 1983, the Joint Subcommittee's amendment requires the mental health institutes to bill counties for 100% of the cost of such treatment, with the intention of allocating directly to counties the state money which would otherwise be used to provide this subsidy.

2. A section repealing Code sections 227.16-18, thus abolishing the state mental aid fund, is added to House File 701. This step will free more than \$1,000,000 which will also be available for allocation to counties through the state community mental health services fund established by sections 14-18 of the bill.

3. Sections 16 and 17 of House File 701 are broadened to permit counties to use state money received from the community mental health services fund to pay the cost of mental health treatment and care provided at mental health institutes or county care facilities (or other local residential facilities), as well as that provided through community mental health centers. This reflects the Joint Subcommittee's intent that there be included in the new community mental health services fund state money previously used to pay mental health institute subsidies and to maintain the state mental aid fund, as well as the recommended new mental health services money.

4. The provisions of the bill which establish a new program of partial state reimbursement to counties for the cost of local inpatient mental health treatment are amended so as to orient the reimbursement to more intensive types of treatment, not to chronic care. The amendment also removes a possible loophole which could be interpreted to allow a county, under certain circumstances, to claim reimbursement in an amount greater than the county has actually expended for local inpatient mental health treatment.

The recommended amendments which are summarized in the preceding paragraphs, together with the provisions of existing law and of House File 701 as passed by the House to which the amendments relate, are discussed in detail in the concluding portion of this report. The text of the proposed amendments appears immediately following this summary of the Joint Subcommittee's recommendations.

In addition to the topics referred to in this summary of recommendations, the Joint Subcommittee considered but did not formulate recommendations upon a number of the other provisions of House File 701 as passed by the House. The matters discussed included recommendations received from personnel of the Kansas City regional office of the federal Department of Health, Education and Welfare regarding the administrative structure of the proposed new Department of Mental Health, the mandatory preadmission screening provisions of the House passed bill and how experiences of counties which have implemented such screening under the optional provisions of current law reflect upon the mandatory requirement, concerns of some community mental health centers regarding confidentiality, and other questions. It is assumed that the Senate Human Resources subcommittee to which House File 701 was referred during the 1979 Session will give these matters further consideration.

Text of Amendments Recommended by Joint Subcommittee

Amend House File 701 as amended, passed and reprinted by the House, as follows:

1. Page 11, line 3, by inserting after the word "subsection" the words "two (2), paragraph a, and subsections four (4) and".
2. Page 11, line 27, by inserting after the word "subsection" the words "two (2), paragraph a, and subsections four (4) and".
3. Page 11, line 32, by inserting after the word "subsection" the words "two (2), paragraph a, and subsections four (4) and".
4. Page 12, line 5, by inserting after the word "subsection" the words "two (2), paragraph a, and subsections four (4) and".
5. Page 12, line 15, by inserting after the word "subsection" the words "two (2), paragraph a, and subsections four (4) and".
6. Page 12, line 24, by inserting after the word "subsection" the words "two (2), paragraph a, and subsections four (4) and".

COMMENT: Item 1 of the amendment is needed to permit counties to spend some of the money they will receive from the general allocation of the state community mental health services fund to help pay MHI billings or the cost of care of mentally ill and mentally retarded persons in county care facilities, etc. Items 2-6 are necessary in order to broaden the basis for measuring county maintenance-of-effort, as described in the final paragraph of the discussion of funding considerations that follows the text of this amendment.

7. Page 13, line 23, by inserting after the word "institute" the words "or a county care facility".
8. Page 13, by striking lines 27 through 30 and inserting in lieu thereof the words "section shall be made only for costs incurred by counties for care and treatment of individuals admitted upon a physician's order for treatment of a mental illness in a facility which is licensed as a hospital under chapter one hundred thirty-five B (135B) of the Code. The amount of reimbursement to which each county is entitled under this section, on a per-patient-per-day basis, is the lesser of:

- a. The actual daily charge to the county for treatment of the individual at such facility; or
- b. The following:
 - (1) During the fiscal year beginning July 1, 1980, an".
9. Page 13, line 34, by striking the letter "b." and inserting in lieu thereof the numeral "(2)".
10. Page 14, line 3, by striking the letter "c." and inserting in lieu thereof the numeral "(3)".
11. Page 14, line 7, by striking the letter "d." and inserting in lieu thereof the numeral "(4)".

COMMENT: The foregoing group of amendments has two related objectives. One is to orient the state subsidy for local inpatient care more strongly to an intensive, relatively short-term type of care, rather than what is often thought of as chronic care. The other objective is to insure that no county can claim reimbursement for more than 100% of its costs for local inpatient care.

12. Page 54, by striking lines 27 and 28 and inserting in lieu thereof the words "each patient, and the county shall be billed for one hundred percent of the stated charge for each patient".
13. Page 54, by striking line 35.
14. Page 55, by striking lines 1 through 14.
15. Page 67, by inserting after line 35 the following section:
"Sec. _____. Sections two hundred twenty-seven point sixteen (227.16), two hundred twenty-seven point seventeen (227.17), and two hundred twenty-seven point eighteen (227.18), Code 1979, are repealed. This section is effective July first following the effective date of the sections cited in section one hundred thirty (130), subsection one (1), of this Act."

COMMENT: Items 12, 13 and 14 are necessary to implement the Joint Subcommittee's recommendation that MHI's bill counties for services at 100% of computed cost. Item 15 repeals Code sections 227.16-18, and thereby abolishes the state mental aid fund.

Mental Health Funding Considerations

The following discussion, which concludes the report of the 1979 interim House File 701 Joint Subcommittee, is intended for those legislators and others who desire a complete explanation of the Joint Subcommittee's funding recommendations and how they are intended to affect both present law and House File 701 as passed by the House.

To fully understand the Joint Subcommittee's proposed revisions in House File 701 as passed by the House, it is first necessary to have some understanding of (1) the present methods by which state funds are made available to pay a portion of the cost of mental health services in Iowa, and (2) the relevant provisions of the House-passed version of the bill. There are at present several

ways in which state funds are applied to the cost of certain mental health services, and House File 701 as passed by the House affects some, but not all, of these and also adds a new funding method to the overall picture.

Mental Health Institute Funding. The annual appropriations made by the General Assembly for operation of the four state mental health institutes (MHI's) establish an authorized spending level, but much of the amount actually expended is recovered from the counties. Basically, each MHI computes the costs of treatment and maintenance provided to individual patients, using a procedure prescribed by Code section 230.20, subsections 1-4. If a patient has "legal settlement" (a status defined by sections 252.16-17 of the Code) in a county in this state, that county is billed for a portion of the cost of the patient's care and must remit the amount for which it is billed, from the county mental health and institutions fund to the state treasury. The counties are billed for the costs based on four classifications of patients as presented in the table below.

	<u>% of State Responsibility</u>	<u>% of County Responsibility</u>
State Cases		
Mentally Ill patients	100%	0%
Substance Abuse patients	100%	0%
County Cases		
Mentally Ill patients	20%	80%
Substance Abuse patients	75%	25%

The Code provides for billing to counties 100% of the cost of treating patients who are county residents, unless the General Assembly directs otherwise in appropriating to the MHI's. Since 1967 each General Assembly has directed that only 80% of the computed charges for each patient be billed to counties. The table below represents an estimate of the funding for the four MHI's by source of funds and legal status of the patient. It also reflects the anticipated Title XIX (Medicaid) reimbursement for county and state patients, but does not reflect adjustments for Medicare or private insurance payments. The table also reflects the expected billing rather than actual receipts.

	<u>State Cases</u>		<u>County Residents</u>		<u>Total</u>	<u>%</u>
	<u>Mentally Ill Patients</u>	<u>Substance Abuse Pts</u>	<u>Mentally Ill Patients</u>	<u>Substance Abuse Pts</u>		
State Gen- eral Fund	1,847,855	226,920	4,697,244	1,957,185	8,729,204	30.8%
Title XIX	194,425	0	0	0	194,425	.7%
County MH&I Fund	0	0	16,553,088	652,395	17,205,888	60.7%
Title XIX	0	0	2,235,888	0	2,235,888	7.8%
Total	2,042,280	226,920	23,486,220	2,609,580	28,365,000	100%

(Some state funds expended by MHI's are also recovered through direct payments made by or on behalf of individual patients. In most, but not all, cases such payments represent Medicare or insurance benefits to which particular patients are entitled. These recoveries may ultimately benefit the state general fund or a county's mental health and institutions fund, depending on whether the patient involved has legal settlement in a county in Iowa. Where a patient who is eligible for one of these benefits has such legal settlement, the state's billing of the county is reduced by the amount received by the state on behalf of that patient. None of the factors described in this paragraph would be affected by House File 701 as passed by the House, or as the Joint Subcommittee proposes to amend it.)

As introduced, House File 701 contained no provisions affecting the MHI funding arrangements described in the foregoing paragraphs. However, before passing the bill the House adopted amendment H-3625 (often called the "Danker Amendment" after its lead sponsor, Representative Arlyn Danker of Minden, although it was signed by 41 other representatives), which provides for substantially increased state funding for mental health services through two changes in present law. One of these changes is a decrease in the county's share of the cost of treatment of a mentally ill resident of the county at an MHI, when that person is not entitled to Medicaid benefits and is not being treated for substance abuse (for which the state pays 75% of the cost under present law). The other change involves state payment of part of the cost of local inpatient mental health treatment.

Under the "Danker Amendment" the Legislature would no longer have to specify in each regular appropriation for the MHI's what proportion of charges for services to patients is to be billed to counties. (That is the method by which the current 80% billing level has been maintained since 1967.) Instead, the billing level would be specified in law and would drop to 75% for the fiscal year beginning July 1, 1980 and then would decrease an additional 5% in each of the three succeeding fiscal years, continuing at 60% from July 1, 1983 until whatever time a further change in this law might be enacted. The Legislative Fiscal Bureau, at Representative Danker's request, furnished the House with a fiscal note projecting the cost to the general fund of making these changes in sections 230.20 of the Code. An updated version of that fiscal note, prepared by the Fiscal Bureau in early November, 1979, appears following this paragraph.

Revision of the Fiscal Note for House File 701
 as Passed by the House

County Mental Health & Institutions Fund				State General Fund		
Fiscal Year	Current Law	Proposed Law	Difference More/(Less)	Current Law	Proposed Law	Difference More/(Less)
78-79	18,622,454 (1)	18,622,464	-0-	4,655,617	4,655,617	-0-
79-80	16,427,619 (2)	16,427,619	-0-	4,661,640	4,661,640	-0-
80-81	16,553,088 (2)	15,378,777	(1,174,311)	4,697,244	5,871,555	1,174,311
81-82	17,711,804 (3)	15,198,779	(2,513,025)	5,026,051	7,539,076	2,513,025
82-83	18,951,631 (3)	14,918,225	(4,033,406)	5,377,875	9,411,281	4,033,406
83-84	20,278,245 (3)	14,523,919	(5,754,326)	5,754,326	11,508,652	5,754,326

- (1) Current Expense
- (2) Legislative Action
- (3) 7% Annual Growth

Source: Iowa Department of Social Services provided data on the 1978 actual billings for MHI Services to the mental ill.

Funding of Community Mental Health Services. Under present law the state appropriates no money to be used at the local level for the cost of operating community mental health centers or programs. Sections 14-18 of House File 701 would establish a new state community mental health services fund, to be divided into a "general allocation" and a "special allocation." The bill sets the general allocation at 70% and the special allocation at 30%, "unless the general assembly directs otherwise in the appropriation to the fund." The amount of this appropriation is to be determined by each successive general assembly; i.e., the bill does not establish a standing appropriation to the state community mental health services fund.

The general allocation is to be distributed among all counties, by an unspecified formula, to be used to help pay the cost of community-based mental health services. The 1979 House subcommittee did not succeed in devising a distribution formula which it was prepared to recommend to the Human Resources Committee and the House. Therefore, section 16 of the bill would have required that the proposed new state Mental Health Commission, as one of its first actions had it been appointed in 1979, recommend to the Governor and the 1980 Session a formula for distribution of the general allocation among counties.

Since passage of House File 701 was not completed in 1979, the Sixty-eighth General Assembly still has the opportunity to consider how this formula should be drawn. The interim Joint Subcommittee has reached no conclusions on this point.

Section 17 of House File 701 as passed by the House embodies a financial maintenance-of-effort requirement with which counties must comply in order to receive general allocation money. This requirement is intended to insure that new state money appropriated

to the state community mental health services fund and distributed through the general allocation is used primarily to expand availability of community-based mental health services, rather than to replace county money now being expended for such services.

The maintenance-of-effort clause included in the House-passed bill employs a "floor and ceiling" concept in regard to current county financial efforts in support of community-based mental health services. A county must spend a certain minimum amount (the "floor") of county money for this purpose in order to be eligible for its share of the state general allocation money. However, those few counties already making a far-above-average financial effort to provide such services will have the option to use some of the new state money to reduce their local efforts to a level more consistent with those of other counties (the "ceiling"), without incurring a penalty. Initially the "floor" was placed at one dollar per capita per year, and the ceiling at three dollars per capita per year. These levels were based on the per capita spending by counties on community mental health centers, but the 1979 House subcommittee members realized that it would be advisable to review these figures carefully if action on the bill was not completed in 1979.

The "special allocation" of the state community mental health services fund, governed by section 18 of House File 701, would be a fund from which the proposed new Mental Health Commission could make grants-in-aid to counties or other appropriate entities. These grants would provide financial assistance for establishment or expansion of programs to make available needed new community-based mental health services in particular areas of the state where community-based services are now nonexistent or very limited in scope.

The "Danker Amendment" added to House File 701 a provision for partial state reimbursement to counties which pay the cost of inpatient care and treatment for mentally ill persons at a public or private facility, other than a county care facility or MHI. The amount of the reimbursement would be tied to the average daily patient cost of the four MHI's, beginning at 25% of that figure for the fiscal year beginning July 1, 1980 and rising by 5% increments to 40% of MHI average daily patient costs in the fiscal year beginning July 1, 1983 and thereafter.

The "State Mental Aid Fund". The state has for some years made available to the counties payments of \$5 per patient per week to help offset the cost to the counties of keeping chronic mentally ill and mentally retarded individuals in county homes, local nursing homes, etc. These payments are available from the state mental aid fund, to which there is a standing annual appropriation of \$1,075,000 under section 227.17 of the Code. In recent years, annual disbursements from the fund have totaled considerably less than the amount available in each fiscal year; the amount expended in fiscal 1979 was under \$600,000. House File 701 as passed by the House does not affect the state mental aid fund.

Summary--Funding Under Present Law and H. F. 701 as Passed by the House. In summary, provisions of current law under which some mental health services in Iowa are partially funded by the state, which have been considered by the House File 701 Joint Subcommittee, are:

1. Section 230.20 of the Code, under which the MHI's are directed to bill counties for services to patients at 80% of computed cost, the state absorbing the remaining 20%. However the state pays 100% of the cost of care of a patient without legal settlement in any Iowa county and 75% of the cost of care of patients under treatment for chemical substance abuse, while 56% of the cost of treatment of patients eligible for Medicaid benefits is paid from federal funds, 20% by state funds and the remaining 24% by the counties. The basic 20% discount on MHI bills for mentally ill county residents is expected to be worth \$4,697,244 to all counties collectively in the fiscal year ending June 30, 1980.

2. Sections 227.16-18 of the Code, which establish the state mental aid fund with a standing annual appropriation of \$1,075,000, from which counties may claim \$5 per patient per week for each mentally ill or mentally retarded patient on transfer status from an MHI or state hospital-school for the mentally retarded to a county care facility or other local care facility. Claims by counties against the state mental aid fund were less than \$600,000 in the most recent fiscal year.

These provisions would be affected by House File 701, as passed by the House, as follows:

1. The basic state discount on MHI bills to counties would rise 5% per year, beginning July 1, 1980, until it reaches 40% in the fiscal year beginning July 1, 1983, after which it would remain at that level. The Legislative Fiscal Bureau estimates the increased cost to the state at \$1,174,311 for the fiscal year beginning July 1, 1980, rising to \$5,754,326 for the fiscal year beginning July 1, 1983. (The latter figure is based on an assumption of 7% annual growth.)

2. No change is made in the amount or use of the state mental aid fund.

3. A state community mental health services fund is established as a mechanism for the state to assist counties with the cost of operating community mental health centers, and of establishing or expanding those facilities where that appears necessary to meet local needs. Neither the amount of this fund, nor the exact formula by which the general allocation (70%) of the fund would be distributed among counties to help pay community mental health center operating costs, are determined by House File 701 as passed by the House.

4. A second entirely new program would be established under which partial state reimbursement would be available to counties for the cost of local inpatient mental health treatment. No estimate of the cost of this feature of the bill is currently available.

Effects of Joint Subcommittee's Recommended Funding Revisions.
In order to afford county boards of supervisors greater flexibility in the use of state funds appropriated to help pay the cost of mental health services, the House File 701 Joint Subcommittee is in effect recommending the combining of the first three items listed in the preceding summary of the funding provisions of House File 701 as passed by the House. This step would result in the creation of a single state fund from which each county could receive an allocation of state money to apply to the cost of mental health services provided through community mental health centers or in MHI's or county care facilities, or whatever combination of these settings the board of supervisors believes will best meet the needs of that county.

Recognizing that greater flexibility for counties in use of state mental health dollars is of little significance without an overall increase in state funding in this area, the Joint Subcommittee has also recommended the appropriation of \$4,000,000 in new state money for mental health for the fiscal year beginning July 1, 1980. This new money is primarily intended to pay for services rather than administration, although some portion of it is expected to be used for administrative costs of the proposed Department of Mental Health.

The Joint Subcommittee's recommendations propose the following changes in the funding provisions of House File 701 as passed by the House.

1. The language to be added to section 230.20 of the Code by the "Danker Amendment" would be removed from section 108 of the bill; instead, the bill would amend section 230.20 so as to require the MHI's to bill the counties for services to mentally ill patients at the full computed cost. (State payment of the full cost of care for patients without legal settlement in an Iowa county and 75% of the cost of care of substance abuse patients would not be affected, nor would present arrangement for use of Medicaid funds to pay a substantial part of the cost of care for eligible patients be altered.) On the basis of the present 20% state discount rate, this step should make available \$4,697,244 for allocation to counties in the manner described in item 3 below; taking into account the 25% discount which would be required by the first year of the "Danker Amendment", \$5,871,555 should be available for this purpose.

2. The bill would be amended so as to repeal Code sections 227.16-18, thus abolishing the state mental aid fund. This step

would make available a minimum of nearly \$600,000 and possibly \$1,075,000--depending on whether the figure chosen is the actual expenditure from this fund in recent fiscal years or the full amount of the standing annual appropriation to the state mental aid fund--for allocation as described in the succeeding item of this summary.

3. Section 16 of the bill would be revised so that the permissible uses of the state community mental health services fund general allocation dollars by counties would be broadened to include payment of MHI bills and operation of county care facilities or other local facilities where chronic mentally ill patients are cared for, as well as operation of community mental health centers and programs. By including in this fund the state dollars which would have been used for the fiscal 1981 25% MHI discounts and those currently appropriated for the state mental aid fund, plus a very substantial proportion of the new money which the Joint Subcommittee recommends be appropriated, it appears reasonable to expect that at least \$10,000,000 in state dollars could be made available for the fund during the fiscal year beginning July 1, 1980.

4. Clarifying amendments would be added to section 19 of the bill to more explicitly express the intent of and the limitations on the new program of partial reimbursement to counties for the cost of local inpatient mental health treatment, which was also added by the "Danker Amendment." Under the amendments, this reimbursement would be oriented to more intensive types of treatment by making it available only for care provided in a facility holding a hospital license, and the reimbursement could in no case exceed 100% of the actual cost to the county of the service in question. The latter restriction is imposed because it is at least theoretically possible that a local inpatient service could cost less than 25% of the average daily patient cost at the four states MHI's, and the House-passed bill is technically open to the interpretation that a county could claim up to the full 25% of MHI cost figure in such circumstances.

In order to implement the objectives described in items 2 and 3 in the preceding summary, amendments to the maintenance-of-effort requirement in section 17 of the bill are also necessary. The proposed amendments specifically broaden the basis for computing maintenance-of-effort requirements and for determining compliance with them, so as to include county spending for MHI care and care of chronic mentally ill and mentally retarded persons at the county care facility or alternative local facility, as well as for operation of a community mental health center.

These changes will obviously make it necessary to also adjust the "floor" and "ceiling" for purposes of the maintenance-of-effort requirement. However, data being gathered by the Legislative Fiscal Bureau as this report is prepared appears to favor the use of a maintenance-of-effort requirement based on county property

taxes levied for the support of the county mental health and institutions fund rather than a requirement based on county expenditures for mental health services. The property tax levies, although expended for some purposes other than mental health services, are audited and certified whereas the county expenditures for mental health services are not separately audited and certified. In determining the "floor" and "ceiling" the data appears to suggest a study of the distribution of county levies and a comparison of the levies to the presence and proximity of the federally-suggested comprehensive mental health services. A medium range of levies might then be chosen to define the required maintenance-of-effort.

As noted previously, the objective of the maintenance-of-effort requirement is to limit the extent to which a county might choose to use the new state money appropriated for mental health services to, in effect, shift the burden of paying for mental health services from the county to the state rather than expanding existing services or establishing new ones. Thus, the "floor" would be that level of effort which the county is required to maintain as a condition of receiving the benefit of the new state money, and the "ceiling" is that level to which a county already making a considerably greater than average effort could reduce its effort without being penalized in terms of a share of the new state money.

It may be noted that while the proposed repeal of the state mental aid fund statute has been discussed in the context of a revised state funding procedure for mental health services, some of the state dollars now distributed to counties from the mental aid fund go to benefit mentally retarded individuals living in county care facilities or alternative local care facilities. This proposed change in funding procedure should not disadvantage these mentally retarded individuals since the cost of their care is one of the spending objectives listed in what will appear as subsection 4 of Code section 444.12, if the amendments to that section included in the House-passed version of House File 701 eventually become law. Under the funding amendments proposed by the Joint Subcommittee, counties could use state dollars received from the general allocation of the state community mental health services fund to pay for care of mentally retarded individuals living in county care facilities or alternative local care facilities. The Joint Subcommittee's proposal affects mentally retarded individuals only to the limited extent just described; the funding arrangements for state hospital-schools for the mentally retarded established by chapter 222 of the Code, including the state discount on bills to counties from the hospital-schools, are not affected in any way by House File 701 as passed by the House nor as the Joint Subcommittee has recommended that it be amended.

Acknowledgement

Although the Legislative Service Bureau was primarily responsible for staff services to the interim House File 701 Joint

Subcommittee, the Service Bureau staff was again ably assisted by members of the staffs of the Legislative Fiscal Bureau and of the Senate and House majority and minority caucuses, as was the case during the 1978 interim work which preceded the drafting of House File 701. In particular, the discussion of funding considerations which forms the concluding portion of this report could not have been satisfactorily completed without much review and assistance by Fiscal Bureau staff personnel.