MINUTES

Mental Health and Disability Services Study Committee

October 24, 2011

MEMBERS PRESENT:

Senator Jack Hatch, Co-chairperson
Senator Joe Bolkcom
Senator Joni Ernst
Senator Amanda Ragan
Senator Pat Ward

Representative Renee Schulte, Co-chairperson
Representative Dave Heaton
Representative Lisa Heddens
Representative Linda Miller
Representative Mark Smith
Representative Mary Wolfe

MEETING IN BRIEF

Organizational staffing provided by: John Pollak, Committee Services Administrator, (515) 281-3189

Minutes prepared by: Patty Funaro, Senior Legal Counsel, (515) 281-3818

I. Procedural Business

Call to Order and Adjournment. Co-chairperson Hatch called the first meeting of the Mental Health and Disability Services Study Committee to order at 10:05 a.m. in the Ola Babcock Miller Building, Des Moines, Iowa. In addition to the Study Committee members, Representative Joel Fry attended the meeting. The meeting was adjourned at 4:36 p.m.

Election of Permanent Co-chairpersons. Members of the Study Committee unanimously elected Temporary Co-Chairpersons Senator Hatch and Representative Schulte as Permanent Co-Chairpersons of the Study Committee.

Rules of Procedure. Members of the Study Committee adopted the proposed rules of procedure.

Background. Mr. John Pollak, Legislative Services Agency (LSA), Legal Services Division, reviewed the charge of the Study Committee as provided in S.F. 525. He noted that to date the Department of Human Services (DHS) has established seven workgroups to develop proposals and recommendations for the Study Committee for redesign of the services systems. (An eighth workgroup, Service System Data and Statistical Information Integration has not yet met.) The workgroups consist of the following:

- Adult Mental Health System Redesign Workgroup (MH)
- Best Practices and Programs for Persons with Brain Injury Workgroup (BI)
- Adult Intellectual and Developmental Disability system Redesign Workgroup (ID-DD)
- Children’s Disability Services Workgroup (Children)
- Regionalization Workgroup (Regional)
- Judicial Branch and DHS Workgroup (Judicial-DHS)
- Psychiatric Medical Institutions for Children (PMIC) Transition Workgroup
- Service System Data and Statistical Information Integration

The majority of the workgroups have met every other week from mid-August through the end of October. In addition, DHS held several public hearings around the state to elicit input. DHS will submit a preliminary report to the Study Committee by October 31, 2011, and a final report in December 2011. Mr. Pollak also reviewed the materials provided to the members in their packets.

II. State Budget and Projections

Mr. Jeff Robinson and Mr. Dave Reynolds, LSA, Fiscal Services Division, provided an overview of actual and projected state revenues and General Fund appropriations for FYs 2011, 2012, and 2013. (References to a fiscal year (FY) indicate the calendar year in which the fiscal year ends, so that FY 2012 means the fiscal year beginning July 1, 2011, and ending June 30, 2012.)

Revenue Overview. Mr. Robinson provided a historical overview of General Fund revenues during normal, recessionary, and recovery periods beginning in June 1994. When the latest recession began in the fall of 2008, there was a significant reduction in revenue, with FYs 2009 and 2010 being significant recession years. FY 2011 was a normal year for revenue and the projections for FYs 2012 and 2013 are for positive growth. Mr. Robinson noted that after adjusting for tobacco tax revenue, a large portion of which are no longer initially deposited in the General Fund, the rate of growth in revenue through October 14, 2011, is 2.6 percent. The estimated FY

2012 growth in state General Fund revenue, excluding transfers, is $81.8 million, which when adjusted for tobacco revenue is closer to $200 million. The estimated FY 2013 growth in state General Fund revenue excluding transfers is $233.5 million which Mr. Robinson described as positive growth but not as robust as in a normal recovery.

Appropriations Overview. Mr. Reynolds provided a historical overview of General Fund appropriations. The General Fund appropriations enacted for FY 2012 total $5.999 billion and for FY 2013, which is a partial budget, total $5.156 billion. The percentage breakdown of the General Fund budget for FY 2012 is: 44.1 percent in state funding for schools; 16 percent in medical services such as the Medicaid and hawk-i programs; 12.5 percent for higher education; 4.7 percent for property tax replacement; 5.8 percent for the Department of Corrections; and 16.9 percent for all other agencies and programs.

Budget Assumptions. In establishing a starting point for development of the FY 2013 budget projection, the Fiscal Services Division assumes revenue based on the Revenue Estimating Conference estimates; assumes baseline appropriations of the enacted appropriations for FY 2013 plus the amount needed to restore the appropriations to the FY 2012 level; and includes anticipated built-in and anticipated appropriation changes. Since the enacted FY 2013 appropriations only provided 50 percent of the FY 2012 appropriation for a number of line items, restoration to 100 percent is projected to require $1.060 billion. In addition, built-in and anticipated increases for FY 2013 are projected to require $295.6 million with a total budget amount for FY 2013 including restorations, built-ins, and anticipated increases projected to be $6.512 billion. Under the state's General Fund Expenditure Limitation law, there is projected to be $6.4 billion available for expenditure, resulting in a projected necessary adjustment to balance the budget of approximately $116 million.

Mr. Reynolds noted that many of the built-in amount increases which are based on current law are related to Medicaid, including changes in the federal match rate for the program. The two largest anticipated expenditure increases are collective bargaining salary costs and mental health and disability services allowed growth. Mr. Reynolds provided a historical review of spending gaps (the estimated amount of expenditures in excess of the expenditure limitation) noting that the FY 2013 gap is the lowest since FY 2008, with typical gaps ranging from $220-400 million, with outliers in the $800 million to $1 billion range.

Reserve Funds. Mr. Reynolds provided the reserve fund balance totals made up of the Cash Reserve Fund and the Iowa Economic Emergency Fund, for FYs 2011, 2012, and 2013. With $466 million estimated in the Cash Reserve Fund in FY 2013, Representative Wolfe asked if the reserve fund moneys could be used for special projects such as mental health redesign. In discussion, it was noted that moneys in the reserve funds would generally be used for one-time expenditures, not for ongoing expenditures such as for mental health redesign, because by law, the reserves must be replenished within a specified amount of time. With regard to the statement that the state has about $1 billion in reserves, Mr. Reynolds explained that by adding the estimated FY 2012 ending balance/surplus of $334.4 million to the estimated balance in the reserve funds of $595.5 million, the total is approximately $900 million.

Mr. Reynolds noted that moneys could be appropriated out of the surplus to fill the estimated $116 million spending gap. Co-chairperson Hatch suggested that options for paying for the mental health/disability services redesign include increasing the state share or reducing services. Representative Wolfe questioned if increasing taxes or cutting spending are the only options available to cover the costs of the redesign since there is already a projected gap in spending. Mr. Reynolds suggested that another option is to shift non-General Fund moneys to cover current General Fund expenditures, thereby freeing up General Fund moneys for the redesign. Mr. Robinson suggested that another possibility is that General Fund revenues may be higher than projected.

Members questioned the reduction in estimated ending fund balances from $334.4 million in FY 2012 to $64.1 million in FY 2013. Mr. Reynolds noted that a portion of the change is for restoring the Iowa Economic Emergency Fund reserve level.

III. Historical and Current County Levy Authority

Mr. Michael Duster and Mr. Pollak, LSA, Legal Services Division, and Ms. Linda Hinton and Mr. Bill Peterson, Iowa State Association of Counties (ISAC), discussed county property tax levy authority.

County Authority. Mr. Duster explained that the Home Rule Amendments of the Iowa Constitution reserved to the state the power to authorize local governments to levy property taxes. Variables specific to each jurisdiction such as classification of property, property values, and whether property is taxable result in lack of uniformity across the state. Additionally, a complication in levying property taxes is that the rates are based on 18-month-old assessments. The two basic county levies (Code Section 331.423) are the Rural Services Levy imposed only against property located in the unincorporated areas of the county to provide primarily for services to residents of the unincorporated areas, and the General Services Levy which is imposed countywide. The Rural Services Levy is limited to $3.95 per $1,000 of assessed value and the General Services Levy is limited to $3.50 per $1,000 of assessed value. Among counties, 97 of the 99 counties are levying for general services at the maximum amount of $3.50 per $1,000 in property valuation. If the basic levies are insufficient to meet the need, a county may certify a supplemental levy, request voter approval in a special levy election, or certify additions to the basic levy.

Supplemental Levies. If the revenues generated from the basic levies are insufficient to meet the need, a county may certify supplemental levies (Code Section 331.424). Supplemental levy authority allows a county to levy additional property taxes to pay for certain specific social services other than MH/DS, and other expenses such as election costs and employee benefits. (S.F. 69, enacted in 1995, eliminated county authority to use the supplemental levy for mental health/mental retardation/developmental disability (MH/MR/DD) services expenditures and instead established a separate fund and separate levy authority established at a set dollar amount rather than a set rate to generate revenue for these services). The supplemental levy must be approved by the board of supervisors, is not subject to approval at election, and the levy rate is not limited by statute but is limited to the amount needed to fund the county need. In FY 2011, 10 counties imposed a rural services supplemental levy and 95 counties imposed a general services supplemental levy.

Special Levy Election. In addition to Code Section 331.423 (basic levy) and Code Section 331.424 (supplemental levy), a county may impose a special levy if approved by voters through a special levy election (Code Section 331.425). The proposition may be submitted for multiple years but must specify the additional tax rate.

Unusual Circumstances Levy. In addition to the levies authorized under Code Sections 331.423, 331.424, and 331.425, if a county has unusual circumstances as specified in Code Section 331.426 creating the need for funds in excess of the amount a county is able to generate under the basic, supplemental, and special levy election levies, the county board of supervisors may certify other additions to the basic levies. The unusual circumstances include but are not limited to an unusual increase in the population, a natural disaster or other emergency, unusual staffing problems, unusual problems relating to major new functions required by state law, unusual need for continuance of a program which provides substantial benefit to county residents, and a reduced or unusually low growth rate in the property tax base of the county.

Discussion. Mr. Peterson noted that given the variation across the state in property values and the fact that Iowa's property tax system is heavily influenced by agricultural property, decreases in agricultural land values can often result in any given year in some counties requiring imposition of the unusual circumstances levy while other counties do not. Counties endeavor to propose an appropriate annual budget and do not take lightly the imposition of additional levies, but circumstances are ever changing. Senator Ernst reiterated that counties hesitate to impose additional levies, that rural counties are more heavily impacted by changes in property values, and that often counties, as was the case when she was Montgomery County Auditor, will make other budgetary changes such as staff and salary cuts, to avoid imposing or continuing the imposition of additional levies.

MH/MR/DD Services Fund Levies. Mr. Duster noted that 2011 Iowa Acts, S.F. 209 enacted by the 2011 General Assembly repeals Code Section 331.424A effective July 1, 2013. That Code section establishes the MH/MR/DD Services Fund in each county (referred to as Fund 10); designates where state or federal moneys for such services are to be credited; and requires each county to certify a levy for payment of services. The levy under this Code section is not a rate per thousand dollars of value but is instead the only levy limited to a specific dollar amount, which is equal to the amount of the base-year expenditures for services as specified in the Code section less the amount of property tax relief to be received under Code Section 426B.2. This levy is not subject to or affected by the other county-authorized levies.

Ms. Hinton added that in determining the amount of the MH/MR/DD levy under S.F. 69, a county could select a base-year amount which was either the actual budgeted amount for FY 1994 or the projected amount for FY 1996. At the time, only one county chose the actual FY 1994 amount. In order for a county to receive state growth funding, it must levy 100 percent of its levy limit. Federal stimulus funds helped counties to get through the last two or three years, but some counties did not take advantage of the federal funds because they were not needed. All moneys earmarked for MH/DS are deposited in the county's Fund 10 and blended together and are thereafter indistinguishable as to the source of moneys expended for a particular service.

Background for 1995 Legislation. With regard to the intent of the General Assembly in enacting S.F. 69 in 1995, Mr. Pollak explained that counties previously paid for MH/DS services through their general and supplemental levies and these costs were the fastest growing portion of their budgets. One objective of the legislation was to be able to track growth in the system and another for the state to assume all of the growth in expenditures. This resulted in segregating all expenditures to one account and limiting the amount of spending to a dollar amount. Based on the amounts selected by the counties in the late 1990s, the combined county expenditures have been limited since then to approximately $125 million annually and the state property tax replacement amount is limited to approximately $90 million annually. Senator Ernst noted that in the past, if counties have not had sufficient funds to meet the mandate for provision of services, they have stopped paying their bills in March in order to avoid deficit spending. Mr. Pollak noted that the General Assembly has occasionally allowed one-time transfers to the MH/MR/DD levies. In response to a question by Co-chairperson Hatch asking if the state has fully funded its obligation since 1995, Mr. Peterson stated that the state has not, and added that the fundamental problem is that county authority to levy for MH/DS has been frozen since 1995 and state funding growth has been inadequate.

Future Repeals. Mr. Pollak reviewed a memo regarding property tax options available to counties if the MH/MR/DD funding repeals in S.F. 209 take effect on July 1, 2013. Mr. Pollak noted that while the provisions relating to county levy authority for MH/DS, state property tax relief and growth funding provisions, and service management provisions under current law are repealed on July 1, 2013, the legislation did not change the legal mandate for counties to provide adult MH/DS.

Discussion. In response to a question from Senator Bolkcom regarding what revenue tools are available to the counties to fulfill the mandate, Mr. Peterson suggested that counties would likely look to the additional levy authority under Code Section 331.426, the Unusual Circumstances Levy, and specifically subsection 2, paragraph e, for unusual need for additional moneys to permit continuance of a program which provides substantial benefit to county residents. Mr. Peterson cautioned that if the state mandates services, the authorization for the capacity to fund the services should also be provided. Mr. Peterson noted that he could not imagine a county not trying to fund or provide MH/DS services, but he opined that repealing an existing, complicated system within a two-year window when there are still so many unanswered questions does not seem like the best approach and only creates uncertainty. Ms. Hinton added that due to budget constraints and economic uncertainty, there are many changes taking place in county infrastructure and, even without the redesign, counties are struggling to hold their systems together.

IV. Historical and Current Expenditures for Adult Mental Health and Disability Services

Mr. Charles Palmer, Director, DHS, Ms. Sally Titus, DHS, Ms. Hinton, and Mr. Jess Benson, LSA, Fiscal Services Division, discussed materials prepared by DHS concerning the financing of Iowa's adult mental health and disability services.

Sources of Funding. In FY 2009-2010, the combined expenditures amounted to approximately $1 billion, provided by the federal (60.6 percent), state (28.9 percent), and county (10.5 percent) governments. Some federal sources of funding include the Medicaid program, the mental health and social services block grants, and the Money Follows the Person Grant. State funding sources allocated to and managed by the counties include property tax relief and growth, community services, purchase of service rate increases, the state payment program, and the risk pool. Other state funds include MHI costs for state cases and the nonfederal share for Medicaid services assigned to the state. County sources of funding include the property tax levy and public and private miscellaneous funds. In discussion it was clarified that because the funding utilized by counties is a blend of federal, state, and county sources, that funding may be termed as "county controlled" or "county administered" funding rather than "county funding."

Expenditure Categories. Of the approximately $1 billion in combined expenditures, approximately 69 percent is for services to persons with intellectual or developmental disabilities, 29 percent is for services to persons with mental illness or chronic mental illness, and 2 percent is for services to persons with brain injury. Ms. Titus reviewed the services provided under the Medicaid program, the mandated services that the counties must provide, and the Medicaid services for which the counties are mandated to provide the nonfederal match. Counties identify the services they will provide and the requirements for eligibility for services in their county management plans. Counties may have waiting lists for 100 percent county-funded services.

Cost Factors. Cost drivers for state and county funding include the number of eligible persons, the level and type of services needed, the availability of cost-effective and best-practice services, and the cost of the service. For Medicaid services, as the federal match rate goes up, the nonfederal share decreases and vice versa. The lack of standardization and consistency across the state in services, eligibility, assessment tools, and data has made it difficult to determine the right level of funding.

Because state General Fund expenditures and property tax funding for MH/DS have been, respectively, slow growing and fixed amounts, as Medicaid services and expenditures have increased, the amount available for non-Medicaid services has decreased, resulting in reduction in availability of non-Medicaid services. Over the past several years, Medicaid expenditures for MH/DS have increased from 77 percent in FY 2008 to 87 percent in FY 2013. Federal stimulus funding over the past three years covered much of the growth, but with the phase-out and elimination of these funds and the decrease in the federal Medicaid match rate for Iowa, the need for additional Medicaid funding to maintain the service level has increased.

Consequently, unless significant new funding is provided to counties, it is projected that funding available for non-Medicaid services, primarily for persons with mental illness or chronic mental illness, will be reduced by approximately $9.5 million in FY 2011-2012 and by approximately $56 million in FY 2012-2013. Medicaid costs to the counties are increasing faster than the allowed growth provided by the state.

Member Questions. In response to the question whether there are unutilized opportunities to convert non-Medicaid services into Medicaid services, it was clarified that the state has probably maximized its opportunities under the Medicaid program for mandated services. While converting non-Medicaid services for persons with developmental disabilities other than intellectual disability into Medicaid services could be considered, since services for persons with developmental disabilities are not currently mandated, expanding Medicaid to this population could be considered an increase in costs rather than a savings.

In response to a question regarding whether counties expanded non-Medicaid services when federal stimulus funds were available, Ms. Hinton responded that she did not know if this was the case.

V. Financing Options for Mental Health and Disability Services—National Perspective

Mr. Steve Day, Ms. Valerie Bradley, and Mr. Kevin Martone, Technical Assistance Collaborative (TAC) consultants to the workgroups, provided a national perspective on the organization and financing of MH and ID-DD services. Mr. Day and TAC served as the consultant for the General Assembly for MH/DS reform efforts in the mid-1990s and have been retained by DHS for this redesign effort. Ms. Bradley also serves as the President of Human Services Research Institute (HSRI), a nationally recognized resource for services to persons with ID or DD. Mr. Martone has experience as director of the Mental Health Authority in New Jersey and recently as President of the National Association of State Mental Health Program Directors (NASMHPD).

TAC—ID-DD Services. Ms. Bradley explained that Medicaid home and community-based services (HCBS) waivers were instituted in 1981 as a means of moving from institution-based services to community-based services. HCBS waivers represent the dominant funding source for services for persons with ID-DD and account for 75 percent of all waiver spending. Ms. Bradley noted the following regarding services for individuals with ID-DD:

- Iowa has a much higher percentage of individuals provided services in large residential settings than the national average. The percentage of individuals served in residential settings with up to six individuals is only 12 percent compared with the national average of 63 percent.
- Iowa's percentage of Medicaid funding for services to persons in an intermediate care facility for persons with mental retardation (ICF/MR) is higher than the national average. Variables that affect the cost differential between private and public ICF/MRs include fixed costs and the difference in acuity of the population. The public facilities in Iowa also are subject to federal Department of Justice requirements.
- Iowa's percentage of spending for persons receiving HCBS waiver services is lower than the national average. However the overall percentage of Medicaid recipients on HCBS waivers in Iowa is close to the national average.
- The average per-person annual cost for individuals with ID-DD is approximately $23,000 for those receiving HCBS waiver services. The per-person cost of combined HCBS waiver and ICF/MR Medicaid costs in Iowa compared with other states and the nation as a whole falls roughly in the middle at approximately $39,000.

TAC—Adult MH Services. Mr. Martone compared Iowa's MH services system administrative structure and funding to other states based on NASMHPD data. In Iowa, the State Mental Health Agency (SMHA) is located in DHS; substance abuse services are located in a different agency, intellectual disabilities services are located in the same agency, and the Medicaid program is part of the same umbrella agency. Nineteen states fund Medicaid mental health services through fee-for-services only, four through managed care only, and 25 through a combination of fee-for-service and managed care. In 29 states, the SMHA directly funds community mental health services but does not operate the community agencies. Other observations include the following:

- Iowa's per-capita funding for adult MH services was approximately $136 per capita as compared to the national average of $129 per capita.

- Iowa's rate of placement of residents in a state mental health institute of 6.8 residents per 100,000 population is much lower than the national average of 18 residents per 100,000 population. In discussion, it was suggested that the lower rate may be due to recent state budget reductions and resultant closing of beds and that the lack of psychiatric beds in community settings has resulted in the institutes filling the need for short-term acute treatment.
- In national prevalence data, 25 percent of the general population will have a diagnosable mental illness during the course of a year and 6 percent will have a serious mental illness, suggesting that Iowa's "penetration" rate for service provision appears to be low.
- In national prevalence data, 35 percent of individuals with ID-DD have co-occurring mental illness, and those with mental illness have lifespans that are approximately 25 years shorter.

TAC—Children's MH Services. Mr. Day explained that children's services do not have data systems comparable to those for the adult system and due to the variations and complexity across states are difficult to compare. He referred members to his printed materials for detailed state-specific examples of children's systems, but due to time constraints, proposed as consideration for any effective children's system inclusion of all of the following: multiple funding streams; active involvement of parents and families both as primary caregivers and prevention agents to provide a system of care; and single points of accountability to ensure the funding streams and service providers are working together.

TAC—State/County Organizational Models. Mr. Day reviewed examples of state/county roles in the MH/ID-DD systems. Some variations include:

- State-only administered services with no county role in either management or funding of service. These states are mainly in the northeastern United States where they do not have a county structure.
- County-based service providers using both Medicaid and non-Medicaid funds including local levies (examples are Virginia and Georgia).
- County-based integrated managed care only for behavioral health which is funded using both Medicaid and state funds (examples include Arizona, Washington, Oregon, and Colorado).
- Statewide managed care for Medicaid behavioral health (examples include Massachusetts and Iowa). Iowa's system operates under a full-risk contract in which the contractor assumes all risk for a specified fee.
- Counties pay the match for Medicaid services but do not have full control over Medicaid service access and utilization (examples include Ohio and New York).
- Separate county-based behavioral health and ID-DD systems using managed care for Medicaid behavioral health and state and local funds not under managed care (examples include Pennsylvania).
- Integrated county-based managed care models (examples include Michigan and North Carolina).
- Iowa is moving toward a county-based regional system to manage non-Medicaid services while continuing to manage Medicaid behavioral health services through a

statewide managed care contract. North Carolina is similar but is now moving to integrate both Medicaid and non-Medicaid for both behavioral health and ID-DD services.

- The majority of state systems utilize counties as the building blocks for the system.

Iowa currently has a county-based system and concern has been expressed in the workgroups about reorganization that changes or reduces the role of counties. Mr. Day suggested that reorganization of systems does not necessarily lead to positive results. Instead, the focus should be on ensuring that the values and principles that make the current system work well are continued and the pieces of the system work together. One example going forward is how to build on the current county central points of coordination (CPCs).

VI. School Aid Formula Funding

Mr. Shawn Snyder, LSA, Fiscal Services Division, and Mr. Duster, LSA, Legal Services Division, provided an overview of the school aid formula as an example of a system for shared state and local funding of designated services. The concepts discussed include the following:

- The formula is driven by the number of pupils, with extra weighting provided in the pupil count for children with special education needs or other special circumstances.
- The state cost per pupil and the district cost per pupil, adjusted by the rate of allowable growth established in law by the General Assembly, are used to determine a foundation level, which based upon additional calculations, is used to determine how much state aid is provided to a school district and how much the school district is authorized to levy in property tax.
- Currently, the state foundation aid is calculated at 87.5 percent of the total of the state cost per pupil. The uniform local school district levy of $5.40 per $1,000 of property valuation is applied to go as far as possible toward funding the foundation aid amount and state appropriations fund any shortfall. A school district then certifies an additional levy to fund the remaining 12.5 percent.
- In addition, school districts may levy an income surtax at a maximum rate of 20 percent for certain purposes and approximately 83 percent of school districts apply the surtax at various rates. The income surtax for schools is an itemized state income tax deduction so that it has the effect of reducing state General Fund revenues.
- In general, the additional levy rate for school districts with low property valuations is higher than for school districts with high property valuations.

VII. Update on Workgroups

Overview. DHS Director Palmer provided an update on the workgroups (identified under Part I. Procedural Business) established to develop proposals and recommendations for the Study Committee for redesign of the services system. He noted that with the unusually late adjournment of the General Assembly, the time period for the workgroup process has been quite compressed. Over 200 persons volunteered, and approximately 100 persons have been participating with subject matter expertise, with both rural and urban backgrounds, and representation from consumers, parents, and advocates. TAC has provided important expertise and facilitation services. The recommendations of the workgroups will be forwarded to the Study Committee on October 31, but there will be opportunity for additional input by workgroup members likely resulting in adjustments by the time the recommendations are formally presented at the Study Committee's November meeting. The majority of the recommendations are the result of consensus or workgroup majority. Some of the written reports may be lengthy in order to capture the context for the recommendations.

Public Meetings. In addition to the workgroups, DHS sponsored public meetings in seven communities to date, with 80–100 individuals participating in each meeting. Input from the public meetings will be shared with the workgroups and integrated into the final recommendations. Themes that emerged through the public meetings include the need for jail diversion programs; the need to focus on individualized needs in providing services; the value of peer-support services; the need to provide housing and employment support options; the need for adequate funding of the service system; and consideration of individuals and their needs in transitioning from a county-based to a regional system.

Other Observations. Director Palmer's observations included the following:

- The participants have been concerned about the speed of the redesign process and about inadvertently losing some of the positive aspects of the current system.
- There was much discussion about the intersections between the mental health and criminal justice systems and the need for alternatives and crisis stabilization services.
- There is much interest in more holistic approaches such as system of care and medical home approaches and the need for wrap-around services, housing, employment, transportation, and recreation.
- There was much discussion of workforce issues, such as provider recruitment and retention, scope of practice, peer support, and telemedicine.
- There was discussion of "legacy services" which are current services for which there has been a high investment, but which may not be the most effective services going forward.
- For children's services, there was discussion of the need to bring children back from out-of-state placements and the concepts associated with the systems of care approach.
- There was much discussion of issues associated with moving to a regional delivery system such as size, eligibility, functions, default mechanisms for counties choosing not to participate, residency, and appeals processes. There was discussion about the governance structure and a tendency to support allowing consumer representation, but not providers due to conflict of interest issues. Members are wrestling with time frames for transition.
- The brain injury workgroup has collected information on best practices among the states and prioritized action steps.
- Several workgroups discussed the appropriate role for residential care facilities (RCFs).
- The PMIC workgroup has just begun deliberations and along with the children's services workgroup will complete its work following a second year of deliberations.
- The data system workgroup has not yet met but will utilize a holistic approach.

VIII. Member Discussion

The items discussed by the Study Committee members include the following:

- Considering draft legislation to change Code references from the term “mental retardation” to “intellectual disability” and from the term “adult day care” to “adult living services.”
- Focusing on an appropriate funding structure, the need to integrate services to address co-occurring conditions, the use of health homes to better integrate physical and mental health services, and the appropriate role of RCFs and state institutions in the services systems.
- Providing the public with a live audio stream for future Study Committee meetings.
- Getting better information concerning state- and county-administered funding.
- A request that more information be provided to the Study Committee regarding RCFs.

Public Comment. The Study Committee received public comment on the need to verify information provided by TAC concerning ICF/MR rates and the rate of utilization of RCFs with 16 beds or more; information on the Prairie View RCF in Fayette; and clarification from ISAC regarding the contribution of counties beyond the quantifiable $125 million in property taxes, including but not limited to basic infrastructure and staff time that are not billed to the system.

IX. Materials Filed With the Legislative Services Agency

The materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the “Committee Documents” link on the Committee Internet website at:
http://www.legis.iowa.gov/Schedules/committeeDocs.aspx?GA=84&CID=541

1. Proposed Rules, Mental Health and Disability Services Study Committee.
2. Mental Health and Disability Services Study Committee Charge.
3. Senate File 525.
4. FY 2013 Budget Overview Presentation to the Mental Health and Disability Services Study Committee by Mr. Robinson and Mr. Reynolds, LSA, Fiscal Services Division.
5. County Mental Health, Mental Retardation, and Developmental Disabilities Funding: current county levies by Mr. Duster, LSA, Legal Services Division.
6. Property tax options available to counties after implementation of the repeals contained in 2011 Iowa Acts, S.F. 209 Memo by Mr. Pollak and Susan Crowley, LSA, Legal Services Division.
7. Financing of Iowa’s Adult Mental Health and Disability Services, DHS.
8. Overview of dollars distributed and expended for MHDD services: actual 2008-2011 and projected 2013, DHS.
9. Organization and Financing of ID-DD and MH Services: National Perspective, Technical Assistance Collaborative, Inc., and Human Services Research Institute, Inc.
10. School Aid Formula Funding Basic Overview, Mr. Duster, LSA, Legal Services, and Mr. Snyder, LSA, Fiscal Services.
11. Summary of S.F. 525 Workgroups and Required Proposals, DHS.

12. Mental Health and Disability Services Redesign 2011, Advocate and Consumer Recommendations, DHS.
13. Prairie View Management, Inc. Memo.

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