



MINUTES

Mental Health and Disability Services Redesign Fiscal Viability Study Committee

December 17, 2013

MEMBERS PRESENT:

Senator Joe Bolkcom, Co-chairperson
Senator Robert M. Hogg
Senator David Johnson
Senator Amanda Ragan
Senator Mark Segebart

Representative Dave Heaton, Co-chairperson
Representative Joel Fry
Representative Lisa Heddens
Representative Kevin Koester
Representative Cindy Winckler

MEETING IN BRIEF

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- I. Procedural Business
- II. Efforts to Integrate Mental Health and Substance
Related Disorder Services
- III. Children's Workgroup Report
- IV. County Ending Balances and Expenditures and
Funding Sources
- V. Recommendations and Discussion
- VI. Public Comment
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I. Procedural Business.

Call to Order and Adjournment. The second meeting of the 2013-2014 Mental Health and Disability Services (MH/DS) Redesign Fiscal Viability Study Committee was called to order by Co-chairperson Bolkcom at 10:05 a.m., Tuesday, December 17, 2013, in Room 103 of the State Capitol, Des Moines, Iowa. The October 22, 2013, meeting minutes were approved. The meeting was adjourned at 3:59 p.m.

Opening and Closing Comments. The co-chairpersons welcomed everyone and thanked everyone, especially the central point of coordination (CPC) administrators and other local leaders for their participation in the process and for being adaptable as the redesign begins to take shape. Co-chairperson Bolkcom also commented that the state needs to be a good partner in the process and provide the necessary resources. The committee reviewed the adult disability services system timeline. Mr. John Pollak, Legal Services Division, briefly explained the information in the committee member's packets and commented that the handout from the Iowa Association of Community Providers would be reposted with new information. Co-chairperson Heaton and the committee extended their thanks to Ms. Linda Hinton, who is retiring from the Iowa State Association of Counties (ISAC), in her new endeavors.

II. Efforts to Integrate Mental Health and Substance-Related Disorder Services

This panel consisted of Mr. Rick Shults, MH/DS Division Administrator, Department of Human Services (DHS); Ms. Kathy Stone, Director, Division of Behavioral Health, Iowa Department of Health (IDPH); Mr. Lynn Ferrell, Executive Director, Polk County Health Services; Mr. Patrick Schmitz, Executive Director, Plains Area Mental Health Center, LeMars; and Mr. Chris Hoffman, Executive Director, Pathways Behavioral Services, Waterloo.

Mr. Shults discussed the importance of the treatment of individuals with co-occurring conditions. A high percentage of individuals have a co-occurring mental illness and substance-related disorder and that makes the person's condition more serious as engagement and treatment becomes more difficult. Individuals with co-occurring conditions need a comprehensive, concurrent approach rather than treating the conditions in separate services or "silos." In order to achieve a comprehensive approach, providers treating mental illness need to have competencies in substance-related disorders and providers treating substance-related disorders need to have competencies in mental illness. Mr. Shults noted that the mental health redesign is addressing this issue. The regions will be expected to provide access to providers that deliver core services in a way that demonstrates competencies in treating persons with co-occurring disorders. Regions will be expected to develop and treat people they serve with providers that use evidence-based practices for co-occurring conditions and these treatments will be more effective.

Mr. Shults noted that barriers can occur at the local level when providers are not developing competencies, and barriers can occur at the state level when individuals overseeing mental illness and substance-related disorder programs are disconnected from Medicaid funding. However, Mr.



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Shults stated that substance-related disorder treatment providers and the IDPH are open to a partnership with mental health providers and DHS. He noted that he and Ms. Stone, at the state level, are aware of the Medicaid funding and regions are fully committed to implementing practices that will break down these barriers through evidence-based practices that allow for greater competencies.

Ms. Stone discussed the responsibility of IDPH for substance-related disorder services in the state. IDPH is responsible for substance-related disorder services for those who are underinsured and uninsured. IDPH provides these services through contract with Magellan Behavioral Care. IDPH will continue to develop services for co-occurring disorders, meaning substance-related disorder, mental health, and physical health. Each year IDPH funding (derived from both state and federal funds) supports treatment for 23,000 Iowans who do not have other resources to pay for treatment; however, national data demonstrates that IDPH probably serves only 11 or 12 percent that need treatment. Providers are subject to capitated rates but there is incentive funding set aside. The incentive funding is used to assist providers in decreasing wait time, increasing clients, and developing co-occurring competency.

Ms. Stone noted that 23, competitively-procured licensed programs were selected to provide IDPH-funded substance-related disorder treatment in 2014. Of the 23 programs, 14 had access to medical staff to treat co-occurring substance-related disorder and physical health problems and 20 had licensed mental health professionals on staff to treat co-occurring substance-related and mental health problems. IDPH licenses and regulates 120 substance-related disorder and gambling treatment programs.

Mr. Ferrell, Mr. Schmitz, and Mr. Hoffman discussed the culture shift needed at the county level. Mr. Ferrell noted that training made available to providers and regions as they form has been helpful. Mr. Ferrell stated the ability to treat co-occurring or multi-occurring conditions in individuals with an individual disability is even more challenging in the mental health system. He noted that a culture shift needs to take place. First, conditions should be considered as multi-occurring rather than simply co-occurring. A culture shift needs to take place so the agency where the person with a multi-occurring condition presents is in a position to assist the person in staying in the community regardless of what conditions or treatments are necessary for that individual. Mr. Ferrell noted that Polk County started this process seven or eight years ago, but it is a slow process and took five years to see results.

Mr. Hoffman noted that the MH/DS redesign presents new opportunities and part of that should include developing competencies. He also urged attention and support for safety net providers that are attempting to provide a continuum of services so clients have a reasonable set of access points in the counties without slowing down the process for those clients.

Discussion. In response to Co-chairman Heaton's questions concerning the readiness of state institutions and health homes in addressing co-occurring conditions, Mr. Shults noted the institutions have physicians with skills in co-occurring conditions, but that needs to be expanded.



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The state has resources to expand and has solid initiatives in every facility, but it will take time to make sure the treatment culture changes. Health homes have critical safety net providers and have other places that treat co-occurring conditions. The SIM¹ grant design provides that health homes will have behavioral health treatment. Co-chairperson Heaton and Mr. Shults also discussed quality and outcome measures.

Co-chairperson Heaton, Mr. Shults, and Ms. Stone also discussed types of funding for services. Mr. Shults stated that the Iowa Health and Wellness Plan (IHWP) has a managed care organization approach which pays a set amount and covers all services. He noted that as the system develops, the state will look at bundling rates, but partnerships need to be developed prior to a change in the funding. Ms. Stone commented that it is too early to know if the state will have funding it did not previously have due to the changes with the federal Affordable Care Act (ACA) and IHWP. She noted that the expectation is 60 percent of eligible persons will enroll in the first year, and 90 percent of eligible persons will enroll by the subsequent year.

Senator Johnson questioned the alignment of the MH/DS regions and the IDPH's 20 geographic service areas. Ms. Stone stated that IDPH has used the geographic regions to award funding, but the funding does not prohibit providers from working with clients outside of the region so alignment with the MH/DS regions should not be an issue.

In response to a question from Senator Hogg, Ms. Stone commented that in the 23 licensed programs awarded funding to provide substance-related disorder treatment, there are waiting lists, but the incentive funding is to help reduce waiting lists. Generally, an individual can walk in and receive an evaluation, but it is more likely that an individual, especially a mother and child, would be on a waiting list for residential services.

Representative Winckler and Mr. Shults discussed the time frame for implementing treatment of co-occurring conditions. Mr. Shults noted the culture shift will be a timeconsuming process and each part of the state may move at different rates, but DHS is making a statewide commitment to treating co-occurring disorders. Representative Winckler commented that the state needs consistency in phasing in regionalization and requiring treatment of co-occurring conditions. Representative Winckler noted that regions cannot be expected to be ready to treat co-occurring conditions when the state is not ready.

Representative Winckler also referred to the IHWP handout from October 22, 2013, and commented on her concern about potential gaps in treatment of co-occurring conditions and substance-related disorders because of the implementation of IHWP. Ms. Stone and Mr. Hoffman noted that residential treatment is not covered under IHWP but is covered under Medicaid. Individuals that are medically exempt will have access to a broader range of services, but there may be a potential gap. Mr. Shults observed that residential treatment of substance-related

¹ The State Innovation Models (SIM) initiative provides federal funding to states for developing and testing models for multipayer payment and health care delivery system transformation. DHS recently made recommendations on how Iowa can proceed using Accountable Care Organizations (ACOs) to provide services.



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disorders is generally provided in a short-term setting rather than a long-term setting. Individuals that have co-occurring mental illness and a substance-related disorder need to be placed in the medically exempt group to have access to Medicaid to have the services covered. This is historically how residential treatment was covered under state funding and federal grants.

In response to Co-chairman Bolkcom's question concerning the integration of substance-related disorder treatment providers in the MH/DS redesign system, Mr. Hoffman stated that the discussion with integration is ongoing and that conversation is always available for discussion in his regions. Mr. Schmitz stated there is a definite interest in providing integrated care, but the key issues that need to be addressed for these providers is the funding of the services and licensing of professionals and facilities. Mr. Ferrell commented that regions are putting plans together with a broader goal in mind of providing interactions with providers in a community and bridging systems.

Representative Heddens asked about admissions, follow-ups, and recidivism for treatment of substance-related disorders. Ms. Stone stated that substance-related disorder admissions include any service whether it is outpatient or residential and there is a six-month follow-up. Ms. Stone also stated she would find information on the rate of a client's return to treatment.

III. Children's Workgroup Report

Mr. Jim Ernst, President, Four Oaks, and Director Charles Palmer, DHS, presented draft recommendations from the Children's Disability Services Workgroup. This group is in its third year of existence. Director Palmer and Mr. Ernst noted that the majority of members served all three years and the members were very engaged, interested, and committed to breaking down compartmentalized funding, referred to as silos, in the children's system.

Mr. Ernst briefly described the executive summary and update in the report before discussing the workgroup's recommendations. The recommendations were as follows: Establish a children's interagency coordinating council (ICC); establish the children's advisory council; consolidate or eliminate redundant, duplicative, or conflicting children's committees; establish a minimum set of core services available to all children; and convene an assessment task force to make recommendations about adoption of a standardized functional assessment tool or tools.

Mr. Ernst discussed that the workgroup had previously recommended a children's cabinet in 2012, but the 2013 recommendation would change the structure and limit the ICC to directors of departments. The primary goal of this council is to cross silos at high levels of state government. The task force also recommended this group be legislatively created rather than created through an executive order. The advisory committee would advise the ICC and should work in partnership with the ICC. Mr. Ernst also stated, that decisions regarding the workgroup's third recommendation concerning the consolidation of children's advisory committees could be made by the ICC. Regarding the core services' recommendation, Mr. Ernst commented that many of these services are already funded, but some are not funded and not covered in all parts of the state. Finally, Mr. Ernst noted there was a lot of discussion on the creation of a standardized assessment tool or tools. Many on the workgroup felt a one-size-fits-all approach would not work, but an



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assessment tool is still needed to determine the success of the system. The workgroup did not feel they had the expertise to create the assessment tool.

In response to Co-chairperson Heaton's question concerning early intervention and funding, Director Palmer stated that IHWP will open some opportunities for new funding and the director of the Department of Education recognizes the importance of early intervention in mental health issues. Director Palmer also praised the work of Early Childhood Iowa in this matter. Director Palmer noted that there is not a children's system today and the vision of the workgroup was to create that system. In discussion with Senator Hogg, Director Palmer again noted that even with money from IHWP and additional moneys coming in, more funding is not the key element. The most important piece is implementing a structure to create a children's system. In responding to a question by Senator Segebart concerning repurposing money in silos, Mr. Ernst said the ICC would likely get to that issue, but Director Palmer noted that the workgroup did not focus on the ICC starting with a determination of breaking down the silos that separate funding because appropriations often have clear expectations attached to them.

Mr. Ernst, in response to a question by Senator Hogg, stated that the workgroup did look at the role of state institutions for high-risk children, but did not otherwise focus on facilities.

Senator Hogg, Co-chairperson Bolkcom, and Representative Heddens all commented on gaps in the children's system and the failure of the recommendations to directly address those gaps through any sort of policy. Mr. Ernst stated that some policy initiatives derived from the workgroup have been implemented in the past three years. Representative Heddens also commented on the report's failure to address issues concerning individuals with developmental disabilities or intellectual disabilities, or waiting lists.

IV. County Ending Balances and Expenditures and Funding Sources

This panel consisted of Mr. Shults, DHS; Ms. Linda Langston, Linn County Supervisor; Mr. Russell Wood, Franklin County MH/DS CPC; Ms. Hinton, ISAC; and Mr. Jess Benson, Legislative Services Agency, Fiscal Services Division.

FY 2013 Mental Health Funding. Ms. Hinton referred the committee to the FY 2012-2013 Mental Health Funding handout. Ms. Hinton explained that counties supply the information to the Department of Management after December 1 and the information becomes publicly available in the second or third week of December. The information in the handout will likely be updated in cases where the information might not make sense, but overall this provides a snapshot of counties' mental health finances. Although the statewide totals may not be heavily affected, county totals may change drastically. Ms. Hinton added that the numbers in the document are from the county auditor reports given to the Department of Management.

Data for Projections. Co-chairperson Bolkcom and Representative Winckler questioned the accuracy of the numbers in the chart as predictors of the need for financing. Ms. Hinton responded that \$181 million is the actual expenditure for FY 2012-2013, but on a county-by-county



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basis this will likely not match up as the MH/DS system switched from the concept of “legal settlement” to “legal residency” on July 1, 2013, to determine which county has financial responsibility. The ACA will go into effect January 1 and that will also change the total non-Medicaid expenditures on a county-by-county basis. Because counties must certify budgets in March before the General Assembly enacts laws affecting those budgets, most counties, such as Johnson County, budgeted for Medicaid and these counties show more in the budget than what the county had for actual expenditure.

Mr. Benson added that counties will continue to have a higher budgeted amount than the actual amount because counties will budget for individuals that will be enrolled in IHWP. Ms. Hinton stated that better information will be available December 1, 2014, for FY 2013-2014 after some of these changes have been implemented, but the numbers still will not be completely reliable for budgeting purposes since Medicaid expansion will not take place until the middle of FY 2013-2014. Mr. Shults commented that while the data in the handout before the committee is accurate, comprehensive future data will not be comparable because of the changes taking place due to the ACA and IHWP. Ms. Langston stated that even without all the changes in the system, the numbers are shifting and it may take two years before looking at the numbers is appropriate because of the changes made.

Senator Segebart queried whether past projections have been successful. Ms. Langston responded that in the last year the projections were not successful because of the number of changes being implemented. Ms. Hinton added that some counties can be more successful at projecting expenses as the greater population, the greater the predictability. However, with a smaller population, the county has less predictability because one high-expense individual could change the total for the entire county dramatically.

Total Balances. Ms. Hinton commented that the FY 2012-2013 total fund balance for all counties is \$62 million, which is 34 percent of what was budgeted last year. There are counties that have a balance and counties that have a zero or negative balance. Mr. Wood stated that although the information on the handout was true as of June 30, 2013, there are counties that had not yet paid all Medicaid expenditures to the state as of June 30, but have done so since then. Mr. Wood emphasized that the handout is not an accurate representation of the balance that counties currently have as the numbers are not static. In response to Mr. Wood’s comments, Mr. Shults added that as of June 30, 2013, there was an outstanding balance of \$15 million for all state bills, and that number has now dropped to \$4.5 million. Ms. Langston reiterated that the numbers show a moment in time that are constantly shifting.

Counties With Funding Issues. In response to a question from Co-chairperson Heaton, Mr. Shults discussed the progress with counties that may have funding issues. Mr. Pollak referred committee members to the handout regarding 11 counties that may have funding issues. Mr. Shults stated that counties self-identified as having potential issues funding services and paying expenses in FY 2013-2014. DHS met with those self-identified counties and worked with the CPC administrators to determine available funding, potential expenditures, outstanding state bills, and



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what measures the county could take to meet the goal of a 25 percent fund balance at the beginning of FY 2014-2015. Of those 11 self-identified counties, five counties determined, after meeting with DHS, that the county would not have a problem. Of the six remaining counties, five of the counties determined that the county would have a negative balance for FY 2013-2014. The last county would not have a negative balance, but would be unable to meet the 25 percent fund balance goal for the beginning of FY 2014-2015. Mr. Shults stated the total amount of the need is \$1,078,440. He also commented that one of the counties is having difficulties because the county did not budget for the expense of a person remaining in a mental health institution.

Co-chairperson Heaton questioned whether the solution for the budget issue is enactment of a supplemental appropriations bill in January 2014. Mr. Shults responded that a significant amount of budget issues are actually arising from state bills that are outstanding as the 2013 legislation requires all counties to pay the state moneys owed by June 30, 2014.

Co-chairperson Bolkcom commented that 40 or more counties did not receive any new money, but only 11 counties have self-identified as having issues. Ms. Hinton responded that equalization has stabilized funding on a regional basis, but not on a county-by-county basis.

Ms. Langston also commented that while only 11 counties self-identified as having funding issues for FY 2013-2014, many counties are not carrying the 25 percent funding balance goal. Senator Hogg also voiced the concern about waiting lists and other spending cuts that counties have taken to control the budget even though the counties have not self-identified as being in trouble.

Comparison of FY 2012-2013 Versus FY 2013-2014 MH/DS Funding. Co-chairperson Bolkcom, commented that in comparing the FY 2012-2013 levy revenue to the FY 2013-2014 mental health funding expenses, the total expenses exceed the revenue by \$35 million. Ms. Hinton responded that the charts do not detail all the revenue, and counties that are providers include those expenses in the budget. Mr. Shults stated that throughout the 2014 Legislative Session, DHS and ISAC can work together to get estimates on how much counties are spending for non-Medicaid services. The revenue and expenditure charts are difficult to compare currently because the charts do not compare the same type of revenue to the same type of expenses. Ms. Hinton added that counties cannot expend more than the county budgets so the FY 2013-2014 expenditures listed are the maximum anticipated expenditure.

In response to Senator Hogg's question on Butler County's expenditures, Ms. Hinton stated that Butler County is a fiscal agent for the entire County Social Services (CSS) region which now consists of 22 counties.

Sources of Funding. Co-chairperson Heaton requested a regional financial model to determine what the ending balances and expenditures for the entire region would be versus looking at individual counties. Co-chairperson Heaton stated that the state is placing the responsibility on the region to deliver services, so expenditures should also be viewed on a regional basis. Representative Winckler agreed that looking at that model to get a bigger picture could be helpful,



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but the counties are still individually receiving moneys from levies or equalization funding. Ms. Langston noted that although regions have some projections, challenges exist in building those projections because the region does not have the numbers to do so. She stated that in a county system, the challenge is building county budgets before the state budget is determined. Now that problem persists at the regional level. Although a region can make long-term projections, the region will not have actual information until February.

Core Services Impact on Funding Levels. The committee and the panel discussed the impact of the implementation of core services on the county and state's funding level for MH/DS services. Representative Heddens noted that the core services are not all fully implemented and counties and regions have not necessarily determined what core plus services to provide so the full extent of expenditures may not be known until FY 2015-2016 or FY 2016-2017. In response to Senator Hogg's question on counties providing core plus services, Mr. Wood answered that the services are grouped as domains and not every single county provides every single core service in a domain. Mr. Wood commented that it is unknown how much core services will cost because it is not known how many people will use the core services when the services become available. Mr. Wood also stated whether a person has access to all the core services depends on how the Legislature defines appropriate access to those services.

\$47.28 Levy Limit. Mr. Pollak joined the panel to discuss the \$47.28 levy limit and the clawback requirement. Mr. Pollak explained that the maximum counties can levy for MH/DS for FY 2013-2014 and FY 2014-2015 will be the smaller of a county's previous net levy dollar amount or a per capita levy amount equal to the product of \$47.28 times the county population. The counties that had a previous net levy dollar amount less than the per capita levy amount receive an equalization payment for the shortfall. The counties that had a previous net levy dollar amount greater than the per capita levy had to reduce their levy dollar amount to the per capita levy dollar amount. This change reduced the revenue by \$10.8 million from the previous \$125 million overall county revenue. Mr. Pollak explained that the per capita funding dollar amount of \$47.28 was set for a two-year period, with the idea that the number could change over time. This per capita amount grew out of the school aid formula idea with a rough dollar amount per person, but in MH/DS, the formula used the county population rather than those receiving services because the cost for each person receiving services varies widely. If the General Assembly continues to use the per capita formula for funding, the General Assembly should determine how and when to determine the county population as the legislation is not explicit. Currently, DHS applied the population figures at the time the appropriation was made.

Mr. Pollak also noted that the General Assembly, although enacting a two-year budget, did not make an appropriation for equalization payments for FY 2014-2015 in that two-year budget. Representative Heddens and Senator Ragan both commented that DHS's budget request also does not include an appropriation for this equalization payment. Mr. Shults stated an appropriation for equalization payments was not included in the DHS request because DHS assumed this committee would reevaluate and make recommendations to change the equalization payment plan.



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Counties' Medicaid Expenditures. Mr. Pollak stated that the legislation requires counties that have not paid the state for all past Medicaid expenditures to do so by the end of FY 2013-2014, although there is no listed penalty for a county's failure to do so. Mr. Pollak also noted the legislation does not allow for contracting multiyear payments of the outstanding debt beyond June 30, 2014.

Medicaid Offset Amount. Mr. Pollak discussed the Medicaid offset amount ("clawback") that factors into MH/DS funding due to the IHWP legislation. The clawback amount is a theoretical amount calculated by DHS for services that would have been paid by a county's services fund for non-Medicaid services but due to the persons' enrollment in IHWP are instead covered by IHWP. DHS is required to determine a clawback amount for each fiscal year. For the first year, the clawback amount will only be based on the six months that IHWP has been in existence and that amount will be doubled.

In response to Representative Heddens' question, Mr. Pollak stated the concept is IHWP will service a population that will now be covered by Medicaid and counties would have had to otherwise budget for without IHWP. He noted that this does not affect non-Medicaid services. Mr. Pollak explained that counties that do not receive equalization payments and counties that have a greater clawback amount than equalization amount that the county receives will have to reduce the dollar amount of the levy the following year. Representative Heddens commented that counties will likely end up cutting services because they will not have adequate funding.

The committee and panel discussed the types of services that may be covered through IHWP that would not otherwise be covered by Medicaid. Mr. Wood stated that out-patient mental health treatment may be one service that could fall into this category. Representative Winckler and Mr. Wood expressed concern about transportation. Co-chairperson Heaton stated that transportation is not covered under IHWP although the federal government will cover that for a year, so that will be an ongoing issue.

Mr. Wood voiced concern on behalf of providers regarding the reimbursement rates of IHWP versus the rates that counties were paying for those same services.

Co-chairperson Bolkcom questioned how DHS plans to implement this system and determine money that counties saved due to the implementation of IHWP. He stated the concern that people have about the clawback and the limited information on how the clawback will be calculated. Co-chairperson Bolkcom further noted that revenues for MH/DS were cut by \$10 million because of equalization and the clawback system will continue down that path of decreasing revenues for MH/DS. He stated that under this system, the local tax dollars and the state payments will only continue to go down. Representative Winckler expressed concern that this financing system will not lead to any savings and instead will only result in cutting more services. Mr. Wood stated that from the county perspective a county saves money for the first year that it would have spent on services for an individual, but in the second year, the county is no longer "saving" money because



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it was never required to spend that money for those services. Representative Winckler expressed concern that because services will now be available under IHWP, many persons will request services that had not previously requested the services, so the counties would not have had to pay for them previously. Representative Winckler also noted that in the initial implementation of IHWP the federal government will be reimbursing the state at 100 percent for services included in IHWP so counties should not also have to pay the state for those services. When the federal reimbursement rate decreases the reimbursement issue could be revisited.

Mr. Shults stated that DHS does not have the clawback calculation process worked out and will have to have it ready by spring 2014. Mr. Shults stated that DHS would have to recalculate the savings base every year and the clawback amount does not call for compounded savings.

Ms. Hinton commented that some counties that do not receive equalization payments and had to lower levy amounts to that \$47.28 figure will not have enough money to pay the clawback. Ms. Langston added that some counties are going into this new funding system after having to cut services to keep the counties on balance and this new formula does not allow them to reinstate those services. She noted the funding of the services is not stable and requested the opportunity to allow regionalization to take place for the next year or 18 months before implementing the clawback. Mr. Wood also echoed this sentiment. Ms. Hinton also stated that the ISAC finds the clawback provision to be problematic as ISAC believed that the counties and regions would have savings due to IHWP to implement developmental disability and brain injury services, core plus services, and training to become competent in co-occurring services.

Co-chairperson Bolkcom questioned what is being done for brain injury and crisis services. Co-chairperson Bolkcom noted that Director Palmer had stated that the state is paying for crisis services with Medicaid funding, but individuals in need are being displaced from residential care facilities. Co-chairperson Bolkcom expressed concern that the point of the MH/DS redesign was to provide access to more services, but now the state is trying to reap savings from county levies, Medicaid, and IHWP at the expense of redesign services. Mr. Shults responded that basic crisis services are in the initial core service requirements and regions should be able to provide those services with the current resources. Any expanded crisis services would be core plus services and would only be added if additional resources are identified.

V. Recommendations and Discussion

Co-chairperson Bolkcom invited members to comment and discuss recommendations to forward to the General Assembly.

Discussion. Co-chairperson Heaton, Senator Hogg, and Senator Segebart discussed the need for funding supported work and Representative Heaton noted the loss of \$100,000 by a single provider for those programs last year. Senator Johnson also noted the need to adequately address supported work and suggested that continued access to the services could be viewed as a civil rights issue.



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Co-chairperson Heaton queried whether to develop a program to educate emergency medical services providers to offer mobile crisis intervention team services. Co-chairperson Heaton also commented on the need for residential substance detoxification units and proposed that appropriations for vocational rehabilitation services should be increased to draw down the entire available federal match.

Co-chairperson Heaton expressed the need for 23-hour bed holds in hospitals to stabilize persons in a mental health crisis and suggested that state liquor profits could be a funding source. Senator Johnson added that those subacute beds should not be in county jails or prisons.

Several members commented on children's mental health and disability services. Representative Koester commented on the need to move forward with a standardized functional assessment tool for children's mental health and disability services. Representative Heddens stated that there should be an increase in the cap on psychiatric medical institutions for children beds in the state, especially in light of the closure of the juvenile home in Toledo. Representative Heddens also stated that the MH/DS system should address postsecondary education for individuals with disabilities.

Representative Koester stated that he was encouraged by the culture change toward treatment of co-occurring disorders.

Representative Koester discussed incentivizing enrollment for IHWP and Medicaid.

Senator Hogg, Senator Ragan, and Representative Heddens noted the need to focus on early intervention, which does not really exist in the core or core plus services. Senator Ragan commented that early intervention would be the real key to achieving actual savings in the MH/DS system.

Representative Heddens stated that the General Assembly needs to define what it means by access to services. The access to services should be provided at a local level rather than merely having the core service available within the region. Representative Winckler also commented on the need to ensure access to services and for the state to assume employment of the judicial branch mental health advocates.

Representative Winckler stated that the committee should also forward the Mental Health Commission's recommendations, especially the need for well-prepared and trained professionals.

Senator Hogg stated there are significant issues in the adequacy of funding for core and core plus services. He also commented on the need for supplemental funds for minimum cash balances for counties and emphasized the need to maintain residential care facility services. Senator Segebart also emphasized the importance of allowing counties and regions to have fund balances and to trust counties to do what is needed.



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Senator Johnson and Representative Heddens also discussed the need to provide uniform access to mental health and disability services throughout the state rather than returning to a county system. Senator Johnson noted that there still should be local control in this system. Senator Hogg agreed with the maintenance of local control. Senator Johnson commented on the need for the committee to continue to meet because of numerous decisions that need to be made and items that still need to be addressed or fixed once more information is available. Representative Heddens and Senator Ragan echoed this recommendation.

The committee generally discussed the need to allow the system to stabilize before adding more changes. Representative Koester commented on the need to, at least temporarily, continue with equalization funding. Representative Fry stated that the committee's goal should be to allow the MH/DS system to begin and stabilize before making changes. He suggested that county MH/DS levies should continue to be reviewed.

Representative Heddens recommended suspending the clawback provision especially in light of the change from legal settlement to legal residence, which has produced too many unknown variables for counties. Representative Koester suggested that clawback amounts should be rebased annually. Senator Ragan also noted the need to review the clawback provision. Senator Bolkcom stated that the clawback should be delayed for one year.

Senator Ragan generally commented on the need to focus on sustainable funding, but stated that recommendations may be unachievable at this time because the MH/DS system is in too much transition. Representative Heddens stressed the need for the General Assembly to act early to address levy rates and equalization funds to provide funding for core plus services and to provide service access to persons with brain injury and other unserved populations.

Co-chairperson Bolkcom also stated the system will need predictability in funding and although equalization is predictable, it is probably not adequate. Co-chairperson Bolkcom recommended using a regional financing formula based on population. Co-chairperson Bolkcom requested Director Palmer and Mr. Shults to produce ideas for a regional funding plan.

Recommendations. Staff was requested to compile all of the recommendations suggested in the discussion and submit the list for review by members. The committee approved inclusion of this list in the committee's final report for further consideration by the whole General Assembly.

VI. Public Comment

The committee provided two opportunities for public comment, one in the morning and the other in the afternoon.

Ms. Janet Sullivan, a mother of a son with autism, stated that changes at the federal and local levels may take away work-related services. She said that her 29-year-old son works and loves it. She stated her son has behavioral issues that are not conducive for work with community



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employers even with support. She posited that in pushing for integration of work opportunities, the community could lose opportunities for Goodwill of the Heartland and then the integration is not worth it. She commented that work centers need to remain an option.

Ms. Pat Airy, President and CEO of Goodwill of the Heartland, described Goodwill of the Heartland's mission as providing someone a hand up, not a handout. She stated that Goodwill of the Heartland serves 19 counties in Iowa and Western Illinois and employed 744 people with \$840,000 in salary in 2013. Ms. Airy noted that integration of people with disabilities in the community is necessary, but it needs proper funding, and regular employment for persons with severe disabilities or behavioral issues is generally not an option. She stated that there is a wide spectrum of individuals with disabilities and community employment may be an option for some, but not for all. She noted that 545 of those persons served by Goodwill of the Heartland have a productivity level of less than 100 percent and the average productivity is 39 percent. She made five recommendations to the committee: allow transition time to adapt to new rules and funding changes; the shift in focus from work training to community support must be accompanied by training and funding; align state and federal requirements for integration; remember that some persons with disabilities will need a work center environment to succeed and cannot acclimate to community work; and visit the Cedar Rapids work center.

Mr. Eric Donat, client and consumer from Waterloo, described his negative experience with a work center. He stated that while working at Goodwill he was only paid six to eight cents per hour. He stated the work was not at his level of ability and the work did not provide him with a sense of dignity. He instead found a volunteer job at a local independent living center and that position provided him with a sense of dignity and makes him feel like he is contributing to society. Mr. Donat stated that work centers should be required to pay minimum wage with persons who are permanently placed, and the training wages should start at \$5.15 per hour. He also suggested that training should include basics on financial literacy.

Ms. Marcy Davis, CEO of Candeo, commented that focus has been on how to expand opportunities for work for those with severe disabilities. Other states have been sued for this shortage. She commented on the need to provide employment services, especially community-based employment services, because those services are severely limited. She also noted that she did not want to criticize the need for work center services, but wanted to focus on the need to expand the full array of employment services.

Ms. Teri Olson, parent, discussed the need for better partnership with employment and education. She commented on the need for balanced support for work centers for adults with disabilities who want to be employed. Her daughter, after only six months, works on her own in food service at Methodist Hospital. Without a job coach, that would not have been possible and it also would not have happened if the employment opportunities were not integrated into the education system.

Mr. John Gish, attorney with Disability Rights Iowa and board member of EmploymentFirst, expressed concern over the goal of the discussion of segregated employment. He stated that



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segregated employment should not be a core service. He commented on the uneven distribution of work-based services as 80 percent are segregated and 20 percent are community-based which is not in line with the federal Olmstead decision. He recommended holding separate hearings if the committee would want to act on making segregated work a core service.

Ms. Ashlea Lantz, Candeco and family member of a consumer, testified about her sister's employment opportunities. The only option available to her sister upon graduation from high school was a work center setting. Her sister now owns her own business in Independence, Iowa. The work center did not prepare her sister for becoming self-employed and she was not able to use her best skill set in a work center setting. She also described success stories of persons working in partnership with Walgreens and Polk Rehab. She stated that individuals are working full-time after leaving work centers and doing so successfully.

Ms. Lori Elam, Scott County CPC administrator, stated that Scott County has joined in a region with four other counties and is looking forward to providing new services. Suspending the clawback provision is logical because it should not begin before there is full enrollment in the ACA plans. Ms. Elam also spoke on the shortage of mental health professionals which leads to backlog and delay.

Ms. Peggy Petlon, Delaware County supervisor, commented on the struggle of getting providers to her community because of travel expenses. The county had to become a provider to provide services and there is an hourly cap on intellectual disability services. The cost of providing services and the reimbursements do not allow for a cash flow. She recommended reevaluating the intellectual disability hourly cap. Ms. Petlon also commented on the county fund balances. In the last year there has been a reduction in services and the implementation of a waiting list so the data will show a higher fund balance because of these reductions in services.

Ms. Kelsey Clark, Iowa Association of Community Providers, commented on the survey results provided to the committee members. She noted there are additional results from Rock Valley. She also commented that the survey was not scientifically precise but is instead meant to provide a snapshot of what is occurring in the field. Ms. Clark also noted disagreement with any cut in services and commented on the need to remain focused on the individual needing the services.

Mr. Allen Fager, a parent, commented about his personal experience as a parent of a daughter with Down's Syndrome. His daughter has blended work support as she works in the community-based and segregated services. He stated his support of work centers and the need for that to continue while also praising community-based work services. He noted that it does not have to be a choice for segregated or community-based employment and both should be available.

Senator Johnson distributed written testimony on behalf of Ms. Lois Graettinger expressing her support for work activity centers to be designated as a core service under the MH/DS redesign.

VII. Materials Filed with the Legislative Services Agency



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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's Internet site:

<https://www.legis.iowa.gov/committees/meetings/documents?committee=357&ga=ALL>

1. December 17, 2013, Tentative Agenda.
2. Work Activity Services Comments - Eric Donat, Waterloo.
3. Work Activity Services Comments - Marcy Davis, Candeo.
4. Work Activity Services Comments - Pat Airy, Goodwill of the Heartland.
5. Work Activity Services Comments - Janet Sullivan, Parent.
6. Work Activity Services Comments - Iowan Assoc. of People Supporting Employment First (APSE).
7. County MH/DS Budgeted Revenues & Expenditures - FY 2013-2014 -- ISAC.
8. Senate File 446 - Medicaid Offset Draft v01.
9. Counties with Possible Funding Issues in FY 2013-2014 - DHS.
10. Equalization Payment Status Listing for FY 2013-2014 by County - DHS.
11. Summary of Options for Resolving Accounts Receivable Credits Owed to Counties - DHS.
12. Accounts Receivable List of Amounts Owed by Counties for Medicaid and Other Services - high to low balance sort - DHS.
13. Accounts Receivable List of Amounts Owed by Counties for Medicaid and Other Services - alpha sort - DHS.
14. Substance Use Disorder Treatment Fact Sheet - IDPH.
15. IA Law on County MH/DS Fund Levies, Per Capita Equalization, and Medicaid Offset (Clawback) Amounts - LSA Legal Services Division.
16. County MH/DS Actual and Budgeted Revenues & Expenditures - FY 2012-2013 -- ISAC.
17. Map of Approved MH/DS Regions as of December 6, 2013 - from DHS.
18. Children's Disability Services Workgroup Final Report - DHS - November 2013.
19. IA Association of Community Providers Survey of Service Cuts and Changes in Calendar 2013.
20. IA Mental Health and Disability Services Commission - 2014 Law Change Recommendations.



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- 21.** Selected Milestones Timeline for Adult DS Service System Redesign - Fiscal Services Division.
- 22.** County \$47.28 Per Capita Levy Graphic and Listing - LSA Fiscal Services.
- 23.** Work Activity Services Comments - Lois Graettinger (by Senator Johnson).

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