

While seriously underfunding these required appropriations, the Legislature continues its bad budget practice of providing one-time resources for on-going budget needs. The Legislature uses \$18 million in one-time funding to make up its \$79 million. Because salary adjustment dollars are allocated to departments as part of their base, this will increase the amount of new dollars that must be provided in next year's budget. Once again, the Legislature is simply putting off problems until next year — something they claim to have avoided by their actions.

For these reasons I reluctantly approve House File 746 on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the designated portion of Section 20, subsection 2. The language places a cap on the amount of salary resources that will be dedicated to dealing with the terminal liability issue. While the Legislature has identified \$18 million for this purpose, the actual need will likely be around \$21 million. By not providing a mechanism to deal with the entire cost, state departments would have to come up with the balance of the needed funds. Given the sorry nature of the Legislative budgets for many departments, this is an unreasonable expectation.

I am unable to approve the designated portion of Section 20, subsection 3. This would require that any remaining balance in the terminal liability health insurance fund revert to the credit of the unassigned revenue fund administered by the Iowa comprehensive underground storage tank fund board.

The Terminal Liability Fund contains resources for a variety of sources, including the Road Use Tax Fund, grant moneys, and federal funds. It would be unconstitutional to transfer excess Road Use Tax Fund moneys to the underground storage tank fund. It would also subject the state to federal repayment with possible penalties and interest to transfer remaining federal funds to the underground storage tank fund.

For the above reasons, I hereby respectfully approve House File 746, with the exceptions noted above.

Sincerely,
THOMAS J. VILSACK, *Governor*

CHAPTER 191

APPROPRIATIONS — HUMAN SERVICES

H.F. 732

AN ACT relating to appropriations for the department of human services and including other provisions and appropriations involving human services and health care, and providing effective dates.

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

Section 1. EARLY CHILDHOOD FUNDING.

1. The appropriations made in 1998 Iowa Acts, chapter 1218, section 2, and 2000 Iowa Acts, chapter 1228, section 2, subsection 1, paragraph "b", from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 2001, and ending

June 30, 2002, from moneys received under the federal temporary assistance for needy families (TANF) block grant shall be used for funding of community-based programs targeted to children from birth through five years of age, developed by community empowerment areas as provided in this section.

2. The department may transfer federal temporary assistance for needy families block grant funding appropriated and allocated in this section to the child care and development block grant in accordance with federal law as necessary to comply with the provisions of this section. The funding shall then be provided to community empowerment areas for the fiscal year beginning July 1, 2001, in accordance with all of the following:

a. The area must be approved as a designated community empowerment area by the Iowa empowerment board.

b. The maximum funding amount a community empowerment area is eligible to receive shall be determined by applying the area's percentage of the state's average monthly family investment program population in the preceding fiscal year to the total amount appropriated for fiscal year 2001-2002 from the TANF block grant to fund community-based programs targeted to children from birth through five years of age developed by community empowerment areas.

c. A community empowerment area receiving funding shall comply with any federal reporting requirements associated with the use of that funding and other results and reporting requirements established by the Iowa empowerment board. The department shall provide technical assistance in identifying and meeting the federal requirements.

d. The availability of funding provided under this section is subject to changes in federal requirements and amendments to Iowa law.

3. The moneys distributed in accordance with this section shall be used by communities for the purposes of enhancing quality child care capacity in support of parent capability to obtain or retain employment. The moneys shall be used with a primary emphasis on low-income families and children from birth to five years of age. Moneys shall be provided in a flexible manner to communities, and shall be used to implement strategies identified by the communities to achieve such purposes. The strategies may include but are not limited to developing capacity for regular child care, sick child care, night shifts child care, and emergency child care; enhancing linkages between the head start and early head start programs, early childhood development programs, and child care assistance programs; and implementing other strategies to enhance access to child care. The moneys may be used to either build capacity or for support of ongoing efforts. In addition to the full-time equivalent positions funded in this Act, 1.00 full-time equivalent position is authorized and the department may use funding appropriated in this section for provision of technical assistance and other support to communities developing and implementing strategies with moneys distributed in accordance with this section.

4. Moneys which are subject to this section which are not distributed to a community empowerment area or otherwise remain unobligated or unexpended at the end of the fiscal year shall revert to the fund created in section 8.41 to be available for appropriation by the general assembly in a subsequent fiscal year.

Sec. 2. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT. There is appropriated from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, from moneys received under the federal temporary assistance for needy families block grant pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, which are federally appropriated for the federal fiscal years beginning October 1, 1999, and ending September 30, 2000, beginning October 1, 2000, and ending September 30, 2001, and beginning October 1, 2001, and ending September 30, 2002, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

Moneys appropriated in this section shall be used in accordance with the federal law making the funds available, applicable Iowa law, appropriations made from the general

fund of the state in this Act for the purpose designated, and administrative rules adopted to implement the federal and Iowa law. If actual federal revenues credited to the fund created in section 8.41 through June 30, 2002, are less than the amounts appropriated in this section, the amounts appropriated shall be reduced proportionately and the department may reduce expenditures as deemed necessary by the department to meet the reduced funding level:

1. To be credited to the family investment program account and used for assistance under the family investment program under chapter 239B:

..... \$ 39,287,318

2. To be credited to the family investment program account and used for the job opportunities and basic skills (JOBS) program, and implementing family investment agreements, in accordance with chapter 239B:

..... \$ 20,830,113

3. For field operations:

..... \$ 12,885,790

4. For general administration:

..... \$ 3,238,614

5. For local administrative costs:

..... \$ 2,122,982

6. For state child care assistance:

..... \$ 28,638,329

Of the funds appropriated in this subsection, \$200,000 shall be used for provision of educational opportunities to registered child care home providers in order to improve services and programs offered by this category of providers and to increase the number of providers. The department may contract with institutions of higher education or child care resource and referral centers to provide the educational opportunities. Allowable administrative costs under the contracts shall not exceed 5 percent. The application for a grant shall not exceed two pages in length.

7. For emergency assistance:

..... \$ 2,846,432

8. For mental health and developmental disabilities community services:

..... \$ 4,349,266

9. For child and family services:

..... \$ 23,096,571

10. For child abuse prevention:

..... \$ 731,000

11. For pregnancy prevention grants on the condition that family planning services are funded:

..... \$ 2,514,413

Pregnancy prevention grants shall be awarded to programs in existence on or before July 1, 2001, if the programs are comprehensive in scope and have demonstrated positive outcomes. Grants shall be awarded to pregnancy prevention programs which are developed after July 1, 2001, if the programs are comprehensive in scope and are based on existing models that have demonstrated positive outcomes. Grants shall comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, including the requirement that grant programs must emphasize sexual abstinence. Priority in the awarding of grants shall be given to programs that serve areas of the state which demonstrate the highest percentage of unplanned pregnancies of females age 13 or older but younger than age 18 within the geographic area to be served by the grant.

12. For technology needs and other resources necessary to meet federal welfare reform reporting, tracking, and case management requirements:

..... \$ 1,182,217

13. For supervised community treatment under child and family services:

..... \$ 300,000

14. For volunteers:	\$	42,663
.....		
15. For individual development accounts under chapter 541A:	\$	250,000
.....		
16. For the healthy opportunities for parents to experience success (HOPES) program administered by the Iowa department of public health to target child abuse prevention:	\$	200,000
.....		
*17. To be credited to the Iowa marriage initiative grant fund created in section 234.45:	\$	500,000
.....		

a. The moneys credited to the Iowa marriage initiative grant fund pursuant to this subsection are appropriated to the department for the fiscal year beginning July 1, 2001, and ending June 30, 2002, to be used in accordance with this subsection.

b. The department shall establish an Iowa marriage initiative grant program to fund services to support marriage and to encourage the formation and maintenance of two-parent families that are secure and nurturing.

c. The program shall require that a grantee be a nonprofit organization incorporated in this state with successful experience in facilitating marriage promotion activities, working with various faith-based organizations and the leaders of the organizations, using media resources in promoting marriage, making presentations to service and faith-based organizations, and in raising private funding for activities that support marriage.

d. The program activities funded by a grant shall include but are not limited to working with individuals who are authorized to solemnize a marriage under section 595.10 in utilizing premarital diagnostic tools, to implement marriage agreements developed by such individuals that provide for an appropriate engagement period and premarital and postmarital counseling, and to use volunteer mentors in program activities.

e. Grants shall be awarded in a manner that results in provision of services in an equal number of urban and rural geographic areas. The department shall implement the grant program so that the request for proposals is issued on or before October 1, 2001, and so that any grants are awarded on or before January 1, 2002. A grantee shall be required to submit a quarterly financial report to the department and to the legislative fiscal bureau and shall be subject to an annual independent evaluation to assess accomplishment of the purposes listed in paragraph "b".

f. The department shall provide a copy of the request for proposals and shall submit a report concerning the proposals received and grants awarded to those persons designated by this Act to receive reports. The department may adopt emergency rules to implement the provisions of this subsection.*

18. *The department shall report on or before December 15, 2001, to the governor and to the persons designated by this Act to receive reports providing a detailed analysis as to how federal temporary assistance for needy families block grant funding was expended during the previous fiscal year to achieve the four purposes for the funding as outlined in 42 U.S.C. § 601(a). For each category of expenditure, the analysis shall identify which of the four purposes was addressed and the amount expended.*

Of the amounts appropriated in this section, \$11,612,112 for the fiscal year beginning July 1, 2001, shall be transferred to the appropriation of the federal social services block grant for that fiscal year.

Eligible funding available under the federal temporary assistance for needy families block grant that is not appropriated or not otherwise expended shall be considered reserved for economic downturns and welfare reform purposes and is subject to further state appropriation to support families in their movement toward self-sufficiency.

Sec. 3. FAMILY INVESTMENT PROGRAM ACCOUNT.

1. Moneys credited to the family investment program (FIP) account for the fiscal year beginning July 1, 2001, and ending June 30, 2002, shall be used in accordance with the following requirements:

a. The department shall provide assistance in accordance with chapter 239B.

* Item veto; see message at end of the Act

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

c. The department shall continue to comply with federal welfare reform data requirements pursuant to the appropriations made for that purpose.

d. The department shall continue to make entrepreneurial training available to families receiving assistance under the family investment program. The department may contract for these services.

e. (1) The department shall continue expansion of the electronic benefit transfer program as necessary to comply with federal requirements. Notwithstanding 1998 Iowa Acts, chapter 1218, section 5, subsection 1, paragraph "d", 1999 Iowa Acts, chapter 203, section 5, subsection 1, paragraph "d", and 2000 Iowa Acts, chapter 1228, section 4, subsection 1, paragraph "e", the target date for statewide implementation of the program is October 1, 2002.

(2) It is the intent of the general assembly that the electronic benefits transfer program shall include the capability for child care service providers to submit billings electronically and to receive payment through electronic funds transfer, and the capability to include electronic verification of medical assistance eligibility.

(3) It is the intent of the general assembly that electronic funds transfer system equipment provided by a retailer participating in the program shall be utilized to the extent practicable for electronic benefits transfer transactions for the purchase of food from the retailer.

2. Notwithstanding 2000 Iowa Acts, chapter 1226, section 5, subsection 4, moneys allocated for electronic benefit transfer development pursuant to 2000 Iowa Acts, chapter 1226, section 5, subsection 2, paragraph "e", subparagraph (9), which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for the purposes designated in the succeeding fiscal year.

3. The department may use a portion of the moneys credited to the family investment account under this section, as necessary for salaries, support, maintenance, and miscellaneous purposes for not more than the following full-time equivalent positions which are in addition to any other full-time equivalent positions authorized by this Act:

..... FTEs 8.00

4. The department may transfer funds in accordance with section 8.39, either federal or state, to or from the child care appropriations made for the fiscal year beginning July 1, 2001, if the department deems this would be a more effective method of paying for JOBS program child care, to maximize federal funding, or to meet federal maintenance of effort requirements.

5. Moneys appropriated in this Act and credited to the family investment program account for the fiscal year beginning July 1, 2001, and ending June 30, 2002, are allocated as follows:

a. For the family development and self-sufficiency grant program as provided under section 217.12:

..... \$ 5,697,825

(1) Of the funds allocated for the family development and self-sufficiency grant program in this lettered paragraph, not more than 5 percent of the funds shall be used for the administration of the grant program.

(2) Based upon the annual evaluation report concerning each grantee funded by previously appropriated funds and through the solicitation of additional grant proposals, the family development and self-sufficiency council may use the allocated funds to renew or expand existing grants or award new grants. In utilizing the funding allocated in this lettered paragraph, the council shall give consideration, in addition to other criteria established by the council, to a grantee's intended use of local funds with a grant and to whether approval of a grant proposal would expand the availability of the program's services.

(3) Family development and self-sufficiency grantees shall not supplant previous local funding with state or federal funds.

* Item veto; see message at end of the Act

(4) The department shall continue to implement the family development and self-sufficiency grant program statewide during FY 2001-2002.

b. For income maintenance reengineering:

..... \$ 700,000

c. For the diversion program and incentive grants as follows:

(1) For the diversion subaccount of the family investment program account:

..... \$ 3,200,000

Moneys allocated to the diversion subaccount shall be used to continue the pilot initiative of providing incentives to assist families who meet income eligibility requirements for the family investment program in obtaining or retaining employment, to assist participant families in overcoming barriers to obtaining employment, and to assist families in stabilizing employment and in reducing the likelihood of the family returning to the family investment program. Incentives may be provided in the form of payment or services. The department may limit the availability of the pilot initiative on the basis of geographic area or numbers of individuals provided with incentives. The department shall attempt to assess and screen individuals who would most likely benefit from the services. The department shall continue the diversion initiative in the fiscal year 2001-2002. In addition to the full-time equivalent positions authorized in this Act, 1.00 FTE is authorized and the department may use funds allocated for the diversion program to facilitate community investment in welfare reform and to support continuation of the diversion program. The department may grant diversion moneys to the level of the entity operating an initiative. The department may adopt additional eligibility criteria as necessary for compliance with federal law and for screening those families who would be most likely to become eligible for the family investment program if diversion incentives would not be provided.

(2) For continuation of innovative strategies on a statewide or pilot project basis for supporting job retention, family structure, or both, including services to noncustodial parents and young parents:

..... \$ 650,000

(3) Of the moneys allocated in subparagraph (2), not more than \$250,000 shall be used to develop or continue community-level parental obligation pilot projects. A pilot project shall be operated with the goal of assisting parents who are living apart in meeting their parental obligations and in supporting their children. A pilot project may also seek to prevent the separation of families by including families at risk of separation in project services. Any pilot project shall maximize the use of existing community resources for family counseling, legal services, mediation, job training and job skills development, substance abuse treatment and prevention, health maintenance, and personal mentoring. Local communities shall also be encouraged to provide financial resources.

(a) Notwithstanding any other provision of law to the contrary, the department shall develop procedures for the pilot projects to expedite all of the following:

(i) The establishment and adjustment of support obligations, with the consent of both parents, in a manner which may deviate from the child support guidelines.

(ii) Changes in income withholding orders based on individual case circumstances.

(iii) Satisfaction of a portion of support amounts owed to the state based on cooperation and compliance by the noncustodial parent with project requirements.

(iv) Adjustment of visitation and shared custody arrangements in a manner which enhances the ability of each parent to meet parental obligations.

(b) The department shall adopt rules for the development, operation, and monitoring of a project; to establish the minimum required amount of community support; to establish expedited procedures; and to establish other criteria and procedures as appropriate.

(c) The department shall use the funds authorized in this subparagraph to employ 1.00 full-time equivalent position to manage the pilot project or projects. The department shall also use the authorized funds to employ other full-time equivalent positions or to provide services, as necessary, to assist in the coordination, development, and operation of community-level pilot

projects and to achieve the expedited procedures established. Any full-time equivalent positions authorized in this subparagraph subdivision are in addition to any other full-time equivalent positions authorized by law.

(4) Of the moneys allocated in subparagraph (2), not more than \$200,000 shall be used to continue to study the impact that moving unemployed family investment program parents into employment has on the well-being of the children, the parent, and the family. The department shall include in this well-being study a method of actual contact with the families and children, and shall consider broad-based impacts, such as educational achievement, health status, housing stability, family stability, and use of supportive social services. The department shall also seek funding through foundations and the federal government in order to supplement the funding for this study. The results of the study shall be submitted to the persons required by this Act to receive reports.

(5) Of the moneys allocated in subparagraph (2), not more than \$100,000 shall be used for providing additional incentive payments to contracted agencies who demonstrate success at completing well-being visits for families terminated from the family investment program under a limited benefit plan. The department shall use these funds to increase payments to agencies who complete a higher percentage of well-being visits, who achieve a significant percentage of visits in a face-to-face format, or who are able to observe and interact with the children during a significant percentage of visits.

d. For the food stamp employment and training program:

..... \$ 150,000

6. Of the child support collections assigned under the family investment program, an amount equal to the federal share of support collections shall be credited to the child support recovery appropriation. Of the remainder of the assigned child support collections received by the child support recovery unit, a portion shall be credited to the family investment program account and a portion may be used to increase recoveries.

7. The department may adopt emergency administrative rules for the family investment, food stamp, and medical assistance programs, if necessary, to comply with federal requirements. Prior to adoption of the rules, the department shall consult with the welfare reform council and the chairpersons and ranking members of the joint appropriations subcommittee on human services.

8. The department may continue the initiative to streamline and simplify the employer verification process for applicants, participants, and employers in the administration of the department's programs. The department may contract with companies collecting data from employers when the information is needed in the administration of these programs. The department may limit the availability of the initiative on the basis of geographic area or number of individuals.

9. The department may adopt emergency rules to increase the mileage rate reimbursement paid to JOBS program participants above the current rate of 16 cents per mile.

10. The department may adopt emergency rules to implement 2001 Iowa Acts, Senate File 198,¹ that extends the time limitation for funding of postsecondary education for family investment program participants, if enacted by the Seventy-ninth General Assembly, 2001 Session.

Sec. 4. FAMILY INVESTMENT PROGRAM GENERAL FUND. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To be credited to the family investment program account and used for family investment program assistance under chapter 239B:

..... \$ 36,150,000

1. The department of workforce development, in consultation with the department of human services, shall continue to utilize recruitment and employment practices to include former and current family investment program recipients.

¹ Chapter 128 herein

2. The department of human services shall continue to work with the department of workforce development and local community collaborative efforts to provide support services for family investment program participants. The support services shall be directed to those participant families who would benefit from the support services and are likely to have success in achieving economic independence.

3. Of the funds appropriated in this section, \$9,564,352 is allocated for the JOBS program.

4. The department shall continue to work with religious organizations and other charitable institutions to increase the availability of host homes, referred to as second chance homes or other living arrangements under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 103. The purpose of the homes or arrangements is to provide a supportive and supervised living arrangement for minor parents receiving assistance under the family investment program who, under chapter 239B, may receive assistance while living in an alternative setting other than with their parent or legal guardian.

Sec. 5. EMERGENCY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

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

..... \$ 10,000

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

2. For the fiscal year beginning July 1, 2001, the department shall continue the process for the state to receive refunds of utility and rent deposits, including any accrued interest, for emergency assistance recipients which were paid by persons other than the state. The department shall also receive refunds, including any accrued interest, of assistance paid with funding available under this program. The refunds received by the department under this subsection shall be deposited with the moneys of the appropriation made in this section and used as additional funds for the emergency assistance program. Notwithstanding section 8.33, moneys received by the department under this subsection which remain after the emergency assistance program is terminated and state or federal moneys in the emergency assistance account which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for expenditure when the program resumes operation on October 1 in the succeeding fiscal year.

3. Of the funds appropriated in this section, \$10,000 is allocated to the community voice mail program to continue the existing program. The funds shall be made available beginning July 1, 2001. The community voice mail program shall submit semiannual reports to the department which, at a minimum, specify, on a county basis, the unduplicated number of households participating in the program for the previous six-month period. The report shall be submitted no later than the last business day of the month immediately following the end of the six-month period.

Sec. 6. CHILD SUPPORT RECOVERY. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

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

.....	\$	6,700,000
.....	FTEs	321.40

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

2. Nonpublic assistance application fees and other user fees received by the child support recovery unit are appropriated and shall be used for the purposes of the child support recovery program. The director of human services may add positions within the limitations of the amount appropriated for salaries and support for the positions.

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

4. a. The director of human services may establish new positions and add state employees to the child support recovery unit or contract for delivery of services if the director determines the employees are necessary to replace county-funded positions eliminated due to termination, reduction, or nonrenewal of a chapter 28E contract. However, the director must also determine that the resulting increase in the state share of child support recovery incentives exceeds the cost of the positions or contract, the positions or contract are necessary to ensure continued federal funding of the program, or the new positions or contract can reasonably be expected to recover at least twice the amount of money necessary to pay the salaries and support for the new positions or the contract will generate at least 200 percent of the cost of the contract.

b. Employees in full-time positions that transition from county government to state government employment under this subsection are exempt from testing, selection, and appointment provisions of chapter 19A and from the provisions of collective bargaining agreements relating to the filling of vacant positions.

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

6. Surcharges paid by obligors and received by the unit as a result of the referral of support delinquency by the child support recovery unit to any private collection agency are appropriated to the department and shall be used to pay the costs of any contracts with the collection agencies.

7. The department shall expend up to \$51,000, including federal financial participation, for the fiscal year beginning July 1, 2001, for a child support public awareness campaign. The department and the office of the attorney general shall cooperate in continuation of the campaign. The public awareness campaign shall emphasize, through a variety of media activities, the importance of maximum involvement of both parents in the lives of their children as well as the importance of payment of child support obligations.

8. Federal access and visitation grant moneys shall be issued directly to private not-for-profit agencies that provide services designed to increase compliance with the child access provisions of court orders, including but not limited to neutral visitation site and mediation services.

Sec. 7. MEDICAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For medical assistance reimbursement and associated costs as specifically provided in the reimbursement methodologies in effect on June 30, 2001 except as otherwise expressly authorized by law, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary:

..... \$ 413,150,000

1. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within 45 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within 150 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled.

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

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

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

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

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

e. The department shall revise the provisions of the home and community-based waiver for persons with brain injury to eliminate the eligibility requirement that a person must have been a resident of a medical institution for at least thirty consecutive days at the time of initial application. Unless a county has paid or is paying for the nonfederal share of the cost of a person's home and community-based waiver services or ICFMR placement under the county's mental health, mental retardation, and developmental disabilities services fund, or unless a county of legal settlement would become liable for the costs of services at the ICFMR level of care for a person due to the person reaching the age of majority, the state shall pay the nonfederal share of the costs of an eligible person's services under the home and community-based waiver for persons with brain injury.

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

5. Of the funds appropriated to the Iowa department of public health for substance abuse grants, \$950,000 for the fiscal year beginning July 1, 2001, shall be transferred to the department of human services for an integrated substance abuse managed care system.

6. In administering the medical assistance home and community-based waiver for persons with physical disabilities, the total number of openings for persons with physical disabilities served at any one time shall be limited to the number approved in the waiver by the secretary of the United States department of health and human services. The openings shall be available on a first-come, first-served basis.

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

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

9. The department shall continue the medical assistance home and community-based services waiver to allow children with mental retardation, who would otherwise require ICF/MR care, to be served in out-of-home settings of up to eight beds which meet standards established by the department. Up to \$1,487,314 of the funds appropriated in this section may be used for the costs of the waiver.

10. The department shall continue working with county representatives in aggressively implementing the rehabilitation option for services to persons with chronic mental illness under the medical assistance program, and county funding shall be used to provide the match for the federal funding, except for individuals with state case status, for whom state funding shall provide the match.

11. If the health care financing administration approves a waiver request from the department, the department shall provide a period of 24 months of guaranteed eligibility for medical assistance family planning services, regardless of the change in circumstances of a woman who was a medical assistance recipient when a pregnancy ended.

12. The department shall aggressively pursue options for providing medical assistance or other assistance to individuals with special needs who become ineligible to continue receiv-

* Item veto; see message at end of the Act

ing services under the early and periodic, screening, diagnosis, and treatment program under the medical assistance program due to becoming 21 years of age, who have been approved for additional assistance through the department's exception to policy provisions, but who have health care needs in excess of the funding available through the exception to policy process.

13. Of the moneys appropriated in this section, \$200,000 shall be used to increase reimbursement of child protection centers.

14. The department shall adopt rules to provide that an individual applying for the medically needy program is not required to reapply for the program unless the individual's income as disclosed in the initial application changes. The rules shall also provide that to the greatest extent possible, the application and continuing eligibility requirements for all medical assistance-related programs shall be consistent.

15. If federal funding is received, the department may participate in a federal home telecare pilot program intended to manage health care needs of subpopulations of Iowans and specifically including subpopulations of Iowans who require high utilization of health care services and represent a disproportionate share of consumption of health care services. The program shall be implemented as a collaboration of public, private, and academic participants and may include the participation of the department of human services, the department of elder affairs, and the Iowa department of public health, with the intent of showing cost savings in proactively managing diseases of selective populations through the utilization of communications technology and management protocols. The program may direct telecare services to persons with diagnoses of specific nonacute, chronic illnesses which may include but are not limited to chronic obstructive pulmonary disease, congestive heart disease, diabetes, and asthma. The telecare program may provide a proactive call center staffed by appropriate, licensed health care providers equipped with disease management protocols. For the purposes of this section, "telecare" shall include but is not limited to the interactive delivery of diagnostic, clinical, consultative, data, and educational services utilizing a transmission network which may include but is not limited to the live transmission of audio and video data.

*16. *The department, in cooperation with the drug utilization review commission, shall review the use of nonsedating antihistamines for children and shall submit a report to the governor and the general assembly on or before November 15, 2001, regarding such use and providing a recommendation regarding the application of prior authorization requirements to these drugs.**

Sec. 8. HEALTH INSURANCE PREMIUM PAYMENT PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For administration of the health insurance premium payment program, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	600,000
.....	FTEs	22.00

Sec. 9. CHILDREN'S HEALTH INSURANCE PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For maintenance of the healthy and well kids in Iowa (HAWK-I) program pursuant to chapter 514I for receipt of federal financial participation under Title XXI of the federal Social Security Act, which creates the state children's health insurance program:

.....	\$	8,400,000
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1. The department may transfer funds appropriated in this section to be used for the purpose of expanding health care coverage to children under the medical assistance pro-

* Item veto; see message at end of the Act

gram. The department shall provide periodic updates to the general assembly of expenditures of funds appropriated in this section.

*2. *The department shall provide a report to the HAWK-I board and to the general assembly by January 15, 2002, specifying the actual cost reported by each participating insurer of providing monthly coverage to eligible children under the children's health insurance program.**

3. Moneys in the HAWK-I trust fund are appropriated and shall be used to offset any program costs for the fiscal year beginning July 1, 2001, and ending June 30, 2002.

*4. *The department of human services shall seek a waiver from the health care financing administration of the United States department of health and human services to permit families with children who are eligible for medical assistance to elect to participate under the HAWK-I program in lieu of participation in the medical assistance program. If the waiver is approved, the department shall implement the provision.**

Sec. 10. MEDICAL CONTRACTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For medical contracts:

..... \$ 8,700,000

*1. *The department shall receive input and recommendations from the chairpersons and ranking members of the joint appropriations subcommittee on human services prior to entering into or extending any managed care contract for mental health or substance abuse services.**

2. The director of human services may establish up to 8.00 full-time equivalent positions to be assigned to the medical review unit and pharmacy unit of the fiscal agent if the director determines the employees are necessary to replace fiscal agent positions of the professional medical review staff and pharmacy staff, contingent upon termination of those staff positions with the fiscal agent. Employees in full-time positions that transition from private employment to state government employment under this unnumbered paragraph are exempt from testing, selection, and appointment provisions of chapter 19A and from provisions of collective bargaining agreements relating to the filling of positions.

In any managed care contract for mental health or substance abuse services entered into or extended by the department on or after July 1, 2001, the request for proposals shall provide for coverage of dual diagnosis mental health and substance abuse treatment provided at the state mental health institute at Mount Pleasant. To the extent possible, the department shall also amend any such contract existing on July 1, 2001, to provide for such coverage.

Sec. 11. STATE SUPPLEMENTARY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For state supplementary assistance, funeral assistance, and the medical assistance home and community-based services waiver rent subsidy program:

..... \$ 19,550,000

1. The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security income and federal social security benefits are increased due to a recognized increase in the cost of living. The department may adopt emergency rules to implement this subsection.

2. If during the fiscal year beginning July 1, 2001, the department projects that state supplementary assistance expenditures for a calendar year will not meet the federal pass-along requirement specified in Title XVI of the federal Social Security Act, section 1618, as codified in 42 U.S.C. § 1382g, the department may take actions including but not limited to

* Item veto; see message at end of the Act

increasing the personal needs allowance for residential care facility residents and making programmatic adjustments or upward adjustments of the residential care facility or in-home health-related care reimbursement rates prescribed in this Act to ensure that federal requirements are met. The department may adopt emergency rules to implement the provisions of this subsection.

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

a. Are receiving assistance under a medical assistance home and community-based services (HCBS) waiver.

b. Were discharged from a medical institution in which they have resided or were at risk of institutional placement. Within available funding and demonstrated need, the department may make subsidy funds available to children receiving services under a HCBS waiver for individuals with mental retardation in residential-based supported community living and HCBS waiver-eligible adults meeting criteria in paragraph "a" and this paragraph at any time on or after July 1, 1995.

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

Sec. 12. CHILD CARE ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For child care programs:

..... \$ 5,050,752
1. a. Of the funds appropriated in this section, \$4,414,111 shall be used for state child care assistance in accordance with section 237A.13.

b. During the 2001-2002 fiscal year, the moneys deposited in the child care credit fund created in section 237A.28 are appropriated to the department to be used for state child care assistance in accordance with section 237A.13, in addition to the moneys allocated for that purpose in paragraph "a".

2. Nothing in this section shall be construed or is intended as, or shall imply, a grant of entitlement for services to persons who are eligible for assistance due to an income level consistent with the waiting list requirements of section 237A.13. Any state obligation to provide services pursuant to this section is limited to the extent of the funds appropriated in this section.

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

4. The department may use any of the funds appropriated in this section as a match to obtain federal funds for use in expanding child care assistance and related programs. For the purpose of expenditures of state and federal child care funding, funds shall be considered obligated at the time expenditures are projected or are allocated to the department's regions. Projections shall be based on current and projected caseload growth, current and projected provider rates, staffing requirements for eligibility determination and management of program requirements including data systems management, staffing requirements for administration of the program, contractual and grant obligations and any transfers to other state agencies, and obligations for decategorization or innovation projects.

Sec. 13. JUVENILE INSTITUTIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and

ending June 30, 2002, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For operation of the Iowa juvenile home at Toledo:

.....	\$	6,707,500
.....	FTEs	140.54

It is the intent of the general assembly that beginning in the fiscal year commencing on July 1, 2002, the Iowa juvenile home at Toledo will serve only females. The department shall develop a plan which includes options for relocating the males at the Iowa juvenile home at Toledo. The options shall include but are not limited to developing a child in need of assistance program for males at the state training school at Eldora.

The moneys appropriated in this subsection include funding for a parking lot project developed in cooperation with the city of Toledo and for two additional security guard staff positions.

2. For operation of the state training school at Eldora:

.....	\$	10,870,000
.....	FTEs	229.53

3. During the fiscal year beginning July 1, 2001, the population levels at the state juvenile institutions shall not exceed the population guidelines established under 1990 Iowa Acts, chapter 1239, section 21, as adjusted for additional beds developed at the institutions.

4. A portion of the moneys appropriated in this section shall be used by the state training school and by the Iowa juvenile home for grants for adolescent pregnancy prevention activities at the institutions in the fiscal year beginning July 1, 2001.

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

6. If the department receives notice from the department of inspections and appeals or any other entity that certifies a juvenile institution's compliance with certification requirements or determines compliance with regulatory requirements, that a juvenile institution has been found or cited for being out of compliance with a requirement, the department shall report the notice to those persons designated by this Act to receive reports. The report shall be made within thirty days of the date the notice was received by the department.

Sec. 14. CHILD AND FAMILY SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For child and family services:

.....	\$	106,000,000
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1. The department may transfer funds appropriated in this section as necessary to pay the nonfederal costs of services reimbursed under medical assistance or the family investment program which are provided to children who would otherwise receive services paid under the appropriation in this section. The department may transfer funds appropriated in this section to the appropriations in this Act for general administration and for field operations for resources necessary to implement and operate the services funded in this section.

2. a. Of the funds appropriated in this section, up to \$28,137,020 is allocated as the statewide expenditure target under section 232.143 for group foster care maintenance and services.

b. If at any time after September 30, 2001, annualization of a region's current expenditures indicates a region is at risk of exceeding its group foster care expenditure target under section 232.143 by more than five percent, the department and juvenile court services shall examine all group foster care placements in that region in order to identify those which might be appropriate for termination. In addition, any aftercare services believed to be needed for the children whose placements may be terminated shall be identified. The department and juvenile court services shall initiate action to set dispositional review hearings for the placements identified. In such a dispositional review hearing, the juvenile court

* Item veto; see message at end of the Act

shall determine whether needed aftercare services are available and whether termination of the placement is in the best interest of the child and the community.

c. (1) Of the funds appropriated in this section, not more than \$6,987,000 is allocated as the state match funding for psychiatric medical institutions for children.

(2) The department may transfer all or a portion of the amount allocated in this lettered paragraph for psychiatric medical institutions for children (PMICs) to the appropriation in this Act for medical assistance.

d. Of the funds allocated in this subsection, \$1,354,063 is allocated as the state match funding for 50 highly structured juvenile program beds. If the number of beds provided for in this lettered paragraph is not utilized, the remaining funds allocated may be used for group foster care.

e. For the fiscal year beginning July 1, 2001, the requirements of section 232.143 applicable to the juvenile court and to representatives of the juvenile court shall be applicable instead to juvenile court services and to representatives of juvenile court services. The representatives appointed by the department of human services and by juvenile court services to establish the plan to contain expenditures for children placed in group foster care ordered by the court within the budget target allocated to the region shall establish the plan in a manner so as to ensure the moneys allocated to the region under section 232.143 shall last the entire fiscal year. Funds for a child placed in group foster care shall be considered encumbered for the duration of the child's projected or actual length of stay, whichever is applicable.

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

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

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

6. Notwithstanding section 234.35, subsection 1, for the fiscal year beginning July 1, 2001, state funding for shelter care paid pursuant to section 234.35, subsection 1, paragraph "h", shall be limited to \$7,513,084.

7. Of the funding appropriated in this section, up to \$617,079 may be used as determined by the department for any of the following purposes:

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

b. For oversight of termination of parental rights and permanency planning efforts on a statewide basis.

c. For personnel, assigned by the attorney general, to provide additional services relating to termination of parental rights and child in need of assistance cases.

d. For specialized permanency planning field operations staff.

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

9. The department shall continue to make adoption presubsidy and adoption subsidy payments to adoptive parents at the beginning of the month for the current month. If the department receives any bonus or incentive payments from the federal government relating to adoption that may be used to supplement state funds, the department shall use a minimum of \$44,750 of such moneys for adoption recruitment.

10. Federal funds received by the state during the fiscal year beginning July 1, 2001, as

the result of the expenditure of state funds appropriated during a previous state fiscal year for a service or activity funded under this section, shall be used as additional funding for services provided under this section. Notwithstanding section 8.33, moneys received by the department in accordance with the provisions of this subsection shall remain available for the purposes designated until June 30, 2003.

11. The department and juvenile court services shall continue to develop criteria for the department regional administrator and chief juvenile court officer to grant exceptions to extend eligibility, within the funds allocated, for intensive tracking and supervision and for supervised community treatment to delinquent youth beyond age 18 who are subject to release from the state training school, a highly structured juvenile program, or group foster care.

12. Of the moneys appropriated in this section, not more than \$627,100 is allocated to provide clinical assessment services as necessary to continue funding of children's rehabilitation services under medical assistance in accordance with federal law and requirements. The funding allocated is the amount projected to be necessary for providing the clinical assessment services.

13. Of the funding appropriated in this section, \$3,696,285 shall be used for protective child care assistance.

14. Of the moneys appropriated in this section, up to \$3,290,000 is allocated for the payment of the expenses of court-ordered services provided to juveniles which are a charge upon the state pursuant to section 232.141, subsection 4.

a. Notwithstanding section 232.141 or any other provision of law, the amount allocated in this subsection shall be distributed to the judicial districts as determined by the state court administrator. The state court administrator shall make the determination of the distribution amounts on or before June 15, 2001.

b. The department shall eliminate the program to provide services or other support to reduce the number or length of out-of-home placements of children known as the "wrap-around funding program". The department may adopt emergency rules to implement this subsection.

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

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

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

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

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

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

f. Of the funding allocated in this subsection, not more than \$100,000 may be used by the

judicial branch for administration of the requirements under this subsection and for travel associated with court-ordered placements which are a charge upon the state pursuant to section 232.141, subsection 4.

15. a. Of the funding appropriated in this section, \$5,292,000 is allocated to provide school-based supervision of children adjudicated under chapter 232, including not more than \$1,764,000 from the allocation in this section for court-ordered services. Not more than \$15,000 of the funding allocated in this subsection may be used for the purpose of training.

b. To the extent possible, the personnel providing school-based services shall be prepared with training or experience relating to gender-specific programming to best intervene with youth at risk of being found delinquent or determined to be a child in need of assistance.

16. The department shall maximize the capacity to draw federal funding under Title IV-E of the federal Social Security Act.

17. Any unanticipated federal funding that is received during the fiscal year due to improvements in the hours counted by the judicial branch under the claiming process for federal Title IV-E funding are appropriated to the department to be used for additional or expanded services and support for court-ordered services pursuant to section 232.141. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

18. The department may adopt emergency rules to modify the qualifications for rehabilitative treatment service providers to allow an individual with a bachelor's degree in social work to provide therapy and counseling and to implement other recommendations of the committee made up of department staff and providers of child welfare services that is charged with the development of proposals for regulatory improvements. The pertinent recommendations may include but are not limited to implementing "deemed" certification status for providers; addressing requirements for staff qualifications, ratios, and supervision; revising requirements for treatment plan development, review, and revision, and for treatment records; applying shared risk or loss provisions for retroactive audits; and access to the department's service review organization.

19. Notwithstanding section 234.39, subsection 5, and 2000 Iowa Acts, chapter 1228, section 43, the department may operate a subsidized guardianship program if the United States department of health and human services approves a waiver under Title IV-E of the federal Social Security Act and the subsidized guardianship program can be operated without loss of Title IV-E funds.

20. Of the funds appropriated in this section, the department shall use \$700,000 for day treatment and aftercare services for juvenile females with provider selection made through a request for proposals process. The goal of providing the services is to ensure permanency, safety, and self-sufficiency for juvenile females.

Sec. 15. JUVENILE DETENTION HOME FUND. Moneys deposited in the juvenile detention home fund created in section 232.142 during the fiscal year beginning July 1, 2001, and ending June 30, 2002, are appropriated to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, for distribution as follows:

1. An amount equal to ten percent of the costs of the establishment, improvement, operation, and maintenance of county or multicounty juvenile detention homes in the fiscal year beginning July 1, 2000. Moneys appropriated for distribution in accordance with this paragraph shall be allocated among eligible detention homes, prorated on the basis of an eligible detention home's proportion of the costs of all eligible detention homes in the fiscal year beginning July 1, 2000. Notwithstanding section 232.142, subsection 3, the financial aid payable by the state under that provision for the fiscal year beginning July 1, 2001, shall be limited to the amount appropriated for the purposes of this paragraph.

2. For renewal of a grant to a county with a population between 168,000 and 175,000 for implementation of the county's runaway treatment plan under section 232.195:

..... \$ 80,000

* Item veto; see message at end of the Act

- 3. For grants to counties implementing a runaway treatment plan under section 232.195.
- 4. The remainder for additional allocations to county or multicounty juvenile detention homes, in accordance with the distribution requirements of subsection 1.

Sec. 16. CENTRAL INTAKE FOR CHILD PROTECTION. If specific statutory authorization is enacted by the Seventy-ninth General Assembly, 2002 Session, to establish a statewide central intake unit for receiving child abuse reports, there is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For establishment in accordance with law of a statewide central intake unit for receiving child abuse reports:

..... \$ 250,000

It is the intent of the general assembly to give prompt consideration to the report of any 2001 legislative interim study committee established by the legislative council regarding the establishment of a central intake unit for receiving child abuse reports.

Sec. 17. COMMUNITY-BASED PROGRAMS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

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

..... \$ 531,415
 FTEs 1.00

1. Funds appropriated in this section shall be used to provide adolescent pregnancy prevention grants which comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, and shall emphasize programs which target the middle school level.

2. It is the intent of the general assembly that the department of human services and the Iowa department of public health shall continue to identify existing abstinence education or community-based programs which comply with the requirements established in section 912, subchapter V, of the federal Social Security Act, as codified in 42 U.S.C. § 701 et seq. for the matching of federal funds.

3. Of the funds appropriated in this section, \$250,000 shall be used by the department for child abuse prevention grants.

Sec. 18. FAMILY SUPPORT SUBSIDY PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used by the division of children and family services for the purpose designated:

For the family support subsidy program:

..... \$ 2,089,858

The department may use up to \$267,000 of the moneys appropriated in this section to continue the children-at-home program in current counties, of which not more than \$20,000 shall be used for administrative costs.

Sec. 19. CONNER DECREE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For building community capacity through the coordination and provision of training opportunities in accordance with the consent decree of Conner v. Branstad, No. 4-86-CV-30871(S.D. Iowa, July 14, 1994):

..... \$ 46,000

Sec. 20. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For the state mental health institute at Cherokee for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	13,470,000
.....	FTEs	248.44

2. For the state mental health institute at Clarinda for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	7,650,000
.....	FTEs	138.59

3. For the state mental health institute at Independence for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	17,992,500
.....	FTEs	354.46

The state mental health institute at Independence shall continue the 30 psychiatric medical institution for children (PMIC) beds authorized in section 135H.6, in a manner which results in no net state expenditure amount in excess of the amount appropriated in this subsection. Counties are not responsible for the costs of PMIC services described in this subsection. Subject to the approval of the department, with the exception of revenues required under section 249A.11 to be credited to the appropriation in this Act for medical assistance, revenues attributable to the PMIC beds described in this subsection for the fiscal year beginning July 1, 2001, and ending June 30, 2002, shall be deposited in the institute's account, including but not limited to any of the following revenues:

- a. The federal share of medical assistance revenue received under chapter 249A.
- b. Moneys received through client participation.
- c. Any other revenues directly attributable to the PMIC beds.

The moneys appropriated in this subsection include funding for two additional security guard staff positions at the state mental health institute at Independence.

4. For the state mental health institute at Mount Pleasant for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	5,717,500
.....	FTEs	109.47

a. Funding is provided in this subsection for the mental health institute at Mount Pleasant to continue the dual diagnosis mental health and substance abuse program on a net budgeting basis in which 50 percent of the actual per diem and ancillary services costs are chargeable to the patient's county of legal settlement or as a state case, as appropriate. Subject to the approval of the department, revenues attributable to the dual diagnosis program for the fiscal year beginning July 1, 2001, and ending June 30, 2002, shall be deposited in the institute's account, including but not limited to all of the following revenues:

- (1) Moneys received by the state from billings to counties under section 230.20.
- (2) Moneys received from billings to the Medicare program.
- (3) Moneys received from a managed care contractor providing services under contract with the department or any private third-party payor.
- (4) Moneys received through client participation.
- (5) Any other revenues directly attributable to the dual diagnosis program.

b. The following additional provisions are applicable in regard to the dual diagnosis program:

- (1) A county may split the charges between the county's mental health, mental retardation, and developmental disabilities services fund and the county's budget for substance abuse expenditures.

* Item veto; see message at end of the Act

(2) If an individual is committed to the custody of the department of corrections at the time the individual is referred for dual diagnosis treatment, the department of corrections shall be charged for the costs of treatment.

(3) Prior to an individual's admission for dual diagnosis treatment, the individual shall have been screened through a county's single entry point process to determine the appropriateness of the treatment.

(4) A county shall not be chargeable for the costs of treatment for an individual enrolled in and authorized by or decertified by a managed behavioral care plan under the medical assistance program.

(5) Notwithstanding section 8.33, mental health institutions² revenues related to the dual diagnosis program that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available up to the amount which would allow the mental health institute to meet credit obligations owed to counties as a result of year-end per diem adjustments for the dual diagnosis program.

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

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

7. If the department receives notice from the department of inspections and appeals or any other entity that certifies a state mental health institute's compliance with certification requirements or determines compliance with regulatory requirements, that a state mental health institute has been found or cited for being out of compliance with a requirement, the department shall report the notice to those persons designated by this Act to receive reports. The report shall be made within thirty days of the date the notice was received by the department.

Sec. 21. STATE RESOURCE CENTERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For the state resource center at Glenwood for salaries, support, maintenance, and miscellaneous purposes:

.....	\$ 2,625,000
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- 2. For the state resource center at Woodward for salaries, support, maintenance, and miscellaneous purposes:

.....	\$ 1,790,000
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3. a. The department shall continue operating the state resource centers at Glenwood and Woodward with a net general fund appropriation. The amounts allocated in this section are the net amounts of state moneys projected to be needed for the state resource centers. The purposes of operating with a net general fund appropriation are to encourage the state resource centers to operate with increased self-sufficiency, to improve quality and efficiency, and to support collaborative efforts between the state resource centers and counties and other funders of services available from the state resource centers. The state resource centers shall not be operated under the net appropriation in a manner which results in a cost increase to the state or cost shifting between the state, the medical assistance program, counties, or other sources of funding for the state resource centers. Moneys appropriated in this section may be used throughout the fiscal year in the manner necessary for purposes of cash flow management, and for purposes of cash flow management the state resource centers may temporarily draw more than the amounts appropriated, provided the amounts appropriated are not exceeded at the close of the fiscal year.

b. Subject to the approval of the department, except for revenues under section 249A.11, revenues attributable to the state resource centers for the fiscal year beginning July 1, 2001,

² Mental health "institutes" probably intended
* Item veto; see message at end of the Act

shall be deposited into each state resource center’s account, including but not limited to all of the following:

- (1) Moneys received by the state from billings to counties under section 222.73.
- (2) The federal share of medical assistance revenue received under chapter 249A.
- (3) Federal Medicare program payments.
- (4) Moneys received from client financial participation.
- (5) Other revenues generated from current, new, or expanded services which the state resource center is authorized to provide.

c. For the purposes of allocating the salary adjustment fund moneys appropriated in another Act, the state resource centers shall be considered to be funded entirely with state moneys.

d. Notwithstanding section 8.33, up to \$500,000 of a state resource center’s revenues that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available to be used in the succeeding fiscal year.

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

5. The department may continue to bill for state resource center services utilizing a scope of services approach used for private providers of ICFMR services, in a manner which does not shift costs between the medical assistance program, counties, or other sources of funding for the state resource centers.

6. The state resource centers may expand the time limited assessment and respite services during the fiscal year.

7. If the department’s administration and the department of management concur with a finding by a state resource center’s superintendent that projected revenues can reasonably be expected to pay the salary and support costs for a new employee position, or that such costs for adding a particular number of new positions for the fiscal year would be less than the overtime costs if new positions would not be added, the superintendent may add the new position or positions. If the vacant positions available to a resource center do not include the position classification desired to be filled, the state resource center’s superintendent may reclassify any vacant position as necessary to fill the desired position. The superintendents of the state resource centers may, by mutual agreement, pool vacant positions and position classifications during the course of the fiscal year in order to assist one another in filling necessary positions.

8. If the department receives notice from the department of inspections and appeals or any other entity that certifies a state resource center’s compliance with certification requirements or determines compliance with regulatory requirements, that a state resource center has been found or cited for being out of compliance with a requirement, the department shall report the notice to those persons designated by this Act to receive reports. The report shall be made within thirty days of the date the notice was received by the department.

Sec. 22. SPECIAL NEEDS GRANTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

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

..... \$ 53,212

Grants must be used by a family to defray special costs of caring for the family member to prevent out-of-home placement of the family member or to provide for independent living costs. The grants may be administered by a private nonprofit agency which serves people statewide provided that no administrative costs are received by the agency.

Sec. 23. MI/MR/DD STATE CASES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and

* Item veto; see message at end of the Act

ending June 30, 2002, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For purchase of local services for persons with mental illness, mental retardation, and developmental disabilities where the client has no established county of legal settlement:
..... \$ 12,700,000

Sec. 24. MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES — COMMUNITY SERVICES FUND. There is appropriated from the general fund of the state to the mental health and developmental disabilities community services fund created in section 225C.7 for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental health and developmental disabilities community services in accordance with this Act:
..... \$ 19,560,000

1. Of the funds appropriated in this section, \$19,530,000 shall be allocated to counties for funding of community-based mental health and developmental disabilities services. The moneys shall be allocated to a county as follows:

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

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

Of the funds allocated in this subsection, not more than \$25,000 may be used to provide matching funds for actuarial services and other technical assistance to implement the adult mental health, mental retardation, and developmental disabilities services funding decategorization pilot project implementation provisions as specified in this Act.

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

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

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

4. a. Funding appropriated for purposes of the federal social services block grant is allocated for distribution to counties for local purchase of services for persons with mental illness or mental retardation or other developmental disability.

b. The funds allocated in this subsection shall be expended by counties in accordance with the county’s approved county management plan. A county without an approved county management plan shall not receive allocated funds until the county’s management plan is approved.

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

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

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

5. A county is eligible for funds under this section if the county qualifies for a state payment as described in section 331.439.

Sec. 25. PERSONAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

* Item veto; see message at end of the Act

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

..... \$ 264,000

1. The funds appropriated in this section shall be used to continue the pilot project for the personal assistance services program under section 225C.46 in an urban and a rural area. Not more than 10 percent of the amount appropriated shall be used for administrative costs. The pilot project shall not be implemented in a manner which would require additional county or state costs for assistance provided to an individual served under the pilot project.

2. Beginning July 1, 2001, new applicants shall not be accepted into the pilot project. An individual receiving services under the pilot project as of June 30, 2001, shall continue receiving services until the individual voluntarily leaves the project or until another program with similar services exists.

Sec. 26. SEXUALLY VIOLENT PREDATORS.

1. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For costs associated with the commitment and treatment of sexually violent predators including costs of legal services and other associated costs, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

..... \$ 1,300,000
..... FTEs 25.00

2. Notwithstanding section 8.33, \$350,000 of the moneys appropriated in 2000 Iowa Acts, chapter 1228, section 27, that remain unexpended or unobligated at the close of the fiscal year shall not revert but shall remain available in the succeeding fiscal year to be used for the purposes of this section.

Sec. 27. FIELD OPERATIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

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

..... \$ 49,100,000
..... FTEs 2,128.50

a. Priority in filling full-time equivalent positions shall be given to those positions related to child protection services.

b. The amount appropriated in this section includes increased funding of \$1,212,197 to address staffing issues in regard to child abuse assessment staff, social workers, and support staff performing related functions and for increased activities to improve cooperation between field staff, law enforcement, county attorneys, and mandatory reporters in addressing reports of child abuse.

2. Commencing with the fiscal year beginning July 1, 2001, the department shall eliminate the regional office administrative level within field operations. Essential staff within a regional office shall be transferred to be part of the staff of a county cluster office. Upon elimination of the regional office administrative level, the geographic areas established as departmental regions as of July 1, 2000, shall continue to be used for implementation of Code sections 232.2, 232.52, 232.68, 232.78, 232.102, 232.117, 232.127, 232.143, 232.182, 232.188, 234.35, and any provision in this Act or other law that utilizes the departmental regions for a geographic purpose. The director of human services shall assign any duties that are otherwise designated as duties of the regional administrator in section 232.143, this Act, or other provision of law or administrative rule to an appropriate person.

* Item veto; see message at end of the Act

Sec. 28. ADDITIONAL FEDERAL FUNDING — FISCAL YEAR 2001-2002.

1. The provisions of this section are applicable for the fiscal year beginning July 1, 2001.

**2. It is the intent of the general assembly that the director of human services work on expanding the community partnership approach to child protection as established in Linn county with funding support from the Edna McConnell Clark foundation. The general assembly endorses the efforts by the department and local communities to develop community child protection systems that incorporate the four community partnership components used in Linn county and other Clark foundation sites. It is further intended that the director seek additional funding from the Clark foundation for expansion of the community partnership approach to other sites in the state and make use of the additional funding opportunities described in this section for such expansion.*

3. *It is the intent of the general assembly that the director of human services work to secure federal financial participation through Titles IV-E and XIX of the federal Social Security Act for services and activities that are currently funded with state, county, or community moneys. It is further intended that the director initially focus on securing targeted case management funding under medical assistance for state child protection staff and for services and activities currently funded with juvenile court services, county, or community moneys and state moneys used in combination with such moneys.**

4. Additional federal financial participation secured for the fiscal year beginning July 1, 2001, and ending June 30, 2002, is appropriated to the department of human services for use as provided in this section. All of the following are applicable to the additional federal financial participation and efforts made to secure the federal financial participation:

a. The department may pursue federal approval of a state plan amendment to use medical assistance funding for targeted case management services. The population to be served through targeted case management services is children who are at risk of maltreatment or who are in need of protective services. The funding shall be based on the federal and state moneys available under the medical assistance program. For the additional federal financial participation received under the reimbursement methodology established for the services, a distribution plan shall attribute revenue to the cost sources upon which the reimbursement rates are based. In addition, of the additional federal funds received, a 5 percent set-aside shall be used for funding the revenue enhancement activities and for service delivery and results improvement efforts.

b. The director may use part or all of the additional federal financial participation in excess of \$3,000,000 received from medical assistance claims for child protection staff for not more than 93.00 full-time equivalent state child protection staff positions, including child abuse assessment positions, social workers, and support positions performing related functions. Positions added in accordance with this paragraph "b" are in addition to those authorized in the appropriation made in this Act for field operations.

c. The director may also use up to \$200,000 of the additional federal financial participation in excess of \$3,000,000 received from medical assistance claims for child protection staff for providing grants to communities to support the community partnership approach to child protection. Potential grantees may include child welfare funding decategorization projects, community empowerment area boards, or other community-based entities who, in partnership with the local departmental administrators, agree to implement the four community partnership components.

5. It is the intent of the general assembly to consider additional proposals for providing other forms of targeted case management services and Title IV-E administrative claiming through counties, juvenile court services, or other community-based approaches.

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

Sec. 29. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

* Item veto; see message at end of the Act

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

.....	\$	11,020,029
.....	FTEs	385.00

1. Of the funds appropriated in this section, \$57,000 is allocated for the prevention of disabilities policy council established in section 225B.3.

**2. If an expenditure reduction or other cost-saving measure is deemed necessary to maintain expenditures within the amount appropriated to the department in this section, the department shall not implement the reduction or other measure in a manner which reduces service funding for disability rehabilitation programs, including, but not limited to, statewide supported employment programs.*

3. The department shall report to the governor, the general assembly, the legislative fiscal bureau, and the legislative service bureau, within thirty days of notice from the source of payment of the future receipt of any bonus, incentive, or other payments received from the federal government, court settlement payments, and any other payments received by the state that may be used to supplement state funds appropriated to the department.

4. It is the intent of the general assembly that the department commence negotiations with the state of Nebraska to provide a process to assist interested Nebraska residents in placing their children at a state resource center in this state, to allow the department and others to utilize the child protection center located in Omaha, and to explore other ways by which the two states may maximize the use of resources.*

Sec. 30. VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For development and coordination of volunteer services:

.....	\$	118,250
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Sec. 31. MEDICAL ASSISTANCE, STATE SUPPLEMENTARY ASSISTANCE, AND SOCIAL SERVICE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.

1. a. For the fiscal year beginning July 1, 2001, the reimbursement rate for nursing facilities shall be determined under a case mix reimbursement system. Nursing facilities reimbursed under the medical assistance program shall submit annual cost reports and additional documentation as required by rules adopted by the department.

b. (1) For the fiscal year beginning July 1, 2001, the department shall reimburse pharmacy dispensing fees using a single rate of \$5.17 per prescription or the pharmacy's usual and customary fee, whichever is lower.

(2) The department shall increase the state's efforts to collect pharmaceutical manufacturer rebates in order to meet the national average relative to collection of such rebates.

(3) The department shall implement a series of prospective drug utilization review edits on targeted drugs to facilitate the cost effective use of these drugs. The edits shall be implemented in a manner that does not change the therapy or the therapeutic outcome for the patient.

(4) The department shall implement a generic incentive patient copayment program to encourage the dispensing and use of less costly pharmaceutical alternatives. The copayment amount shall be 50 cents for a generic medication and \$2 for a brand-name medication.

(5) Beginning October 1, 2001, the department shall implement a state maximum allowable cost list for prescription drugs. The department shall consult with its fiscal agent and the drug utilization review commission, at no additional cost to the department, to determine the drug list that will provide the department with the most significant cost savings in the shortest period of time. In order to expedite implementation, the department may implement the drug list using a sole source contract during the initial year of implementation. The department shall report to the general assembly and the governor, on or before January 14,

* Item veto; see message at end of the Act

2002, identifying the entity with which the department enters the contract to implement the program and whether the contract is a sole source contract. The report shall include a recommendation regarding continuation of the initial contract, and if the initial contract is a sole source contract, whether a sole source process or a request for proposals process should be used to determine the contractor for any subsequent contract entered into during the fiscal year beginning July 1, 2002.

c. For the fiscal year beginning July 1, 2001, reimbursement rates for inpatient and outpatient hospital services shall be reduced by three percent from the rates in effect on June 30, 2001. The department shall continue the outpatient hospital reimbursement system based upon ambulatory patient groups implemented pursuant to 1994 Iowa Acts, chapter 1186, section 25, subsection 1, paragraph "f". In addition, the department shall continue the revised medical assistance payment policy implemented pursuant to that paragraph to provide reimbursement for costs of screening and treatment provided in the hospital emergency room if made pursuant to the prospective payment methodology developed by the department for the payment of outpatient services provided under the medical assistance program.

d. For the fiscal year beginning July 1, 2001, reimbursement rates for rural health clinics, hospices, independent laboratories, and acute mental hospitals shall be increased in accordance with increases under the federal Medicare program or as supported by their Medicare audited costs.

e. For the fiscal year beginning July 1, 2001, reimbursement rates for home health agencies shall be reduced by three percent from the rates in effect on June 30, 2001.

f. For the fiscal year beginning July 1, 2001, federally qualified health centers shall receive cost-based reimbursement for 100 percent of the reasonable costs for the provision of services to recipients of medical assistance.

g. Beginning July 1, 2001, the reimbursement rates for dental services shall be reduced by three percent from the rates in effect on June 30, 2001.

h. Beginning July 1, 2001, the reimbursement rates for community mental health centers shall be reduced by three percent from the rates in effect on June 30, 2001.

i. For the fiscal year beginning July 1, 2001, the maximum reimbursement rate for psychiatric medical institutions for children shall remain at the rate in effect on June 30, 2001, based on per day rates for actual costs.

j. For the fiscal year beginning July 1, 2001, unless otherwise specified in this Act, all noninstitutional medical assistance provider reimbursement rates shall be reduced by three percent from the rates in effect on June 30, 2001, except for area education agencies, local education agencies, infant and toddler services providers, and those providers whose rates are required to be determined pursuant to section 249A.20.

k. Notwithstanding section 249A.20, the average reimbursement rates for health care providers eligible for use of the reimbursement methodology under that section shall be reduced by three percent from the rate in effect on June 30, 2001.

2. For the fiscal year beginning July 1, 2001, the maximum cost reimbursement rate for residential care facilities reimbursed by the department shall not be less than \$24.50 per day for the time period of July 1, 2001, through December 31, 2001, and shall not be less than \$25.14 per day for the time period of January 1, 2002, through June 30, 2002. The flat reimbursement rate for facilities electing not to file semiannual cost reports shall not be less than \$17.50 per day for the time period of July 1, 2001, through December 31, 2001, and shall not be less than \$17.96 per day for the time period of January 1, 2002, through June 30, 2002.

3. For the fiscal year beginning July 1, 2001, the maximum reimbursement rate for providers reimbursed under the in-home health-related care program shall not be less than \$471.06 per month for the time period of July 1, 2001, through December 31, 2001, and shall not be less than \$483.31 per month for the time period of January 1, 2002, through June 30, 2002.

4. Unless otherwise directed in this section, when the department's reimbursement methodology for any provider reimbursed in accordance with this section includes an inflation factor, this factor shall not exceed the amount by which the consumer price index for all urban consumers increased during the calendar year ending December 31, 2000.

5. Notwithstanding section 234.38, in the fiscal year beginning July 1, 2001, the foster family basic daily maintenance rate and the maximum adoption subsidy rate for children ages 0 through 5 years shall be \$14.28, the rate for children ages 6 through 11 years shall be \$15.07, the rate for children ages 12 through 15 years shall be \$16.83, and the rate for children ages 16 and older shall be \$16.83.

6. For the fiscal year beginning July 1, 2001, the maximum reimbursement rates for social service providers shall remain at the rates in effect on June 30, 2001. However, the rates may be adjusted under any of the following circumstances:

a. If a new service was added after June 30, 2001, the initial reimbursement rate for the service shall be based upon actual and allowable costs.

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

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

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

8. For the fiscal year beginning July 1, 2001, the reimbursement rates for rehabilitative treatment and support services providers shall remain at the rates in effect on June 30, 2001.

9. For the fiscal year beginning July 1, 2001, the combined service and maintenance components of the reimbursement rate paid to a shelter care provider shall be based on the cost report submitted to the department. The maximum reimbursement rate shall be \$83.69 per day. The department shall reimburse a shelter care provider at the provider's actual and allowable unit cost, plus inflation, not to exceed the maximum reimbursement rate.

10. For the fiscal year beginning July 1, 2001, the department shall calculate reimbursement rates for intermediate care facilities for persons with mental retardation at the 80th percentile.

11. For the fiscal year beginning July 1, 2001, for child care providers, the department shall set provider reimbursement rates based on the rate reimbursement survey completed in December 1998. The department shall set rates in a manner so as to provide incentives for a nonregistered provider to become registered.

12. For the fiscal year beginning July 1, 2001, reimbursements for providers reimbursed by the department of human services may be modified if appropriated funding is allocated for that purpose from the senior living trust fund created in section 249H.4, or as specified in appropriations from the tobacco settlement endowment fund created in section 12.65, Code 2001.

13. The department of human services shall review the disparity between the compensation provided to public employees who provide child welfare services relative to employees of private providers who have qualifications or job responsibilities that are comparable to the public employees. The department shall submit to the governor and to those persons designated by this Act to be provided with reports, a report of its review, including findings and a plan for reducing the disparity.

14. The department may adopt emergency rules to implement this section.

Sec. 32. TRANSFER AUTHORITY. Subject to the provisions of section 8.39, for the fiscal year beginning July 1, 2001, if necessary to meet federal maintenance of effort requirements or to transfer federal temporary assistance for needy families block grant funding to be used for purposes of the federal social services block grant or to meet cash flow needs resulting from delays in receiving federal funding or to implement, in accordance with this Act, targeted case management for child protection and for activities currently funded with juvenile court services, county, or community moneys and state moneys used in combina-

* Item veto; see message at end of the Act

tion with such moneys, the department of human services may transfer within or between any of the appropriations made in this Act and appropriations in law for the federal social services block grant to the department for the following purposes, provided that the combined amount of state and federal temporary assistance for needy families block grant funding for each appropriation remains the same before and after the transfer:

1. For the family investment program.
2. For emergency assistance.
3. For child care assistance.
4. For child and family services.
5. For field operations.
6. For general administration.
7. MH/MR/DD/BI community services (local purchase).

This section shall not be construed to prohibit existing state transfer authority for other purposes.

Sec. 33. FRAUD AND RECOUPMENT ACTIVITIES. During the fiscal year beginning July 1, 2001, notwithstanding the restrictions in section 239B.14, recovered moneys generated through fraud and recoupment activities are appropriated to the department of human services to be used for additional fraud and recoupment activities performed by the department of human services or the department of inspections and appeals, and the department of human services may add not more than five full-time equivalent positions, in addition to those funded in this Act, subject to both of the following conditions:

1. The director of human services determines that the investment can reasonably be expected to increase recovery of assistance paid in error, due to fraudulent or nonfraudulent actions, in excess of the amount recovered in the fiscal year beginning July 1, 1997.

2. The amount expended for the additional fraud and recoupment activities shall not exceed the amount of the projected increase in assistance recovered.

Sec. 34. PRIOR YEAR NONREVERSION.

1. Notwithstanding 2000 Iowa Acts, chapter 1221, section 5, moneys appropriated in³ chapter 1221, section 1, subsection 1, paragraphs "f", "h", and "i", for home health care services, for home health care services and habilitative day care for children with special needs, and for respite care services provided through home and community-based waiver services which are unexpended or unencumbered at the close of the fiscal year beginning July 1, 2000, and ending June 30, 2001, shall not revert but shall remain available to be used in the succeeding fiscal year to supplement the medical assistance appropriation made in this Act.

2. Notwithstanding 2000 Iowa Acts, chapter 1221, section 5, \$1,000,000 of the moneys appropriated in 2000 Iowa Acts, chapter 1221, section 3, for purchase of service contract providers which is unexpended or unencumbered at the close of the fiscal year beginning July 1, 2000, and ending June 30, 2001, shall not revert but shall remain available to be used in the succeeding fiscal year to supplement the medical assistance appropriation made in this Act.

Sec. 35. Section 135H.6, subsection 2, Code 2001, is amended to read as follows:

2. The proposed psychiatric institution is accredited by the joint commission on the accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, the council on accreditation of services for families and children, or by any other ~~federally~~ recognized accrediting organization with comparable standards acceptable under federal regulation.

Sec. 36. Section 225B.8, Code 2001, is amended to read as follows:

225B.8 REPEAL.

This chapter is repealed July 1, ~~2001~~ 2006.

Sec. 37. NEW SECTION. 234.45 IOWA MARRIAGE INITIATIVE GRANT FUND.

1. An Iowa marriage initiative grant fund is established in the state treasury under the

³ "2000 Iowa Acts," probably intended

authority of the department of human services. The grant fund shall consist of moneys appropriated to the fund and notwithstanding section 8.33 such moneys shall not revert to the fund from which appropriated at the close of the fiscal year but shall remain in the Iowa marriage initiative grant fund. Moneys credited to the fund shall be used as directed in appropriations made by the general assembly for funding of services to support marriage and to encourage the formation and maintenance of two-parent families that are secure and nurturing.

2. It is the intent of the general assembly to credit to the Iowa marriage initiative grant fund, federal moneys provided to the state for the express purpose of supporting marriage or two-parent families.

Sec. 38. Section 232.142, Code 2001, is amended by adding the following new subsection: NEW SUBSECTION. 6. A juvenile detention home fund is created in the state treasury under the authority of the department. The fund shall consist of moneys deposited in the fund pursuant to sections 321.218A and 321A.32A. The moneys in the fund shall be used for the costs of the establishment, improvement, operation, and maintenance of county or multicounty juvenile detention homes in accordance with annual appropriations made by the general assembly from the fund for these purposes.

Sec. 39. Section 234.12A, subsection 1, paragraphs b and c, Code 2001, are amended to read as follows:

b. A retailer providing electronic funds transfer system equipment for transactions pursuant to the program shall be reimbursed ~~fifteen~~ seven cents for each approved transaction pursuant to the program utilizing the retailer's equipment.

c. A retailer that provides electronic funds transfer system equipment for transactions pursuant to the program and who makes cash disbursements pursuant to the program utilizing the retailer's equipment shall be paid a fee of ~~fifteen~~ seven cents by the department for each cash disbursement transaction by the retailer.

Sec. 40. Section 235A.16, subsection 2, Code 2001, is amended to read as follows:

2. a. Requests for child abuse information may be made orally by telephone where a person making such a request believes that the information is needed immediately and where information sufficient to demonstrate authorized access is provided. In the event that a request is made orally by telephone, a written request form shall nevertheless be filed within seventy-two hours.

b. The department of inspections and appeals may provide access to the single contact repository established under section 135C.33, subsection 6, for criminal and abuse history checks made by those employers, agencies, and other persons that are authorized access to child abuse information under section 235A.15 and are required by law to perform such checks.

Sec. 41. Section 239B.8, subsection 1, Code 2001, is amended to read as follows:

1. PARTICIPATION — EXEMPTIONS. A parent living in a home with a child for whom an application for family investment program assistance has been made or for whom the assistance is provided, and all other individual members of the family whose needs are included in the assistance shall be subject to a family investment agreement unless exempt under rules adopted by the department or unless any of the following conditions exists:

~~a. The individual is completely unable to participate in any agreement option due to disability.~~

~~b. a.~~ The individual is less than sixteen years of age and is not a parent.

~~e. b.~~ The individual is sixteen through eighteen years of age, is not a parent, and is attending elementary or secondary school, or the equivalent level of vocational or technical school, on a full-time basis.

~~d. c.~~ The individual is not a United States citizen and is not a qualified alien as defined in 8 U.S.C. § 1641.

Sec. 42. Section 321.218A, Code 2001, is amended to read as follows:

321.218A CIVIL PENALTY — DISPOSITION — REINSTATEMENT.

When the department suspends, revokes, or bars a person's driver's license or nonresident operating privilege for a conviction under this chapter, the department shall assess the person a civil penalty of two hundred dollars. However, for persons age nineteen or under, the civil penalty assessed shall be fifty dollars. The civil penalty does not apply to a suspension issued for a violation of section 321.180B. The money collected by the department under this section shall be transmitted to the treasurer of state who shall deposit the money in the ~~general fund of the state~~ juvenile detention home fund created in section 232.142. A temporary restricted license shall not be issued or a driver's license or nonresident operating privilege reinstated until the civil penalty has been paid.

Sec. 43. Section 321A.32A, Code 2001, is amended to read as follows:

321A.32A CIVIL PENALTY — DISPOSITION — REINSTATEMENT.

When the department suspends, revokes, or bars a person's driver's license or nonresident operating privilege under this chapter, the department shall assess the person a civil penalty of two hundred dollars. However, for persons age nineteen or under, the civil penalty assessed shall be fifty dollars. The money collected by the department under this section shall be transmitted to the treasurer of state who shall deposit the money in the ~~general fund of the state~~ juvenile detention home fund created in section 232.142. A temporary restricted license shall not be issued or a driver's license or nonresident operating privilege reinstated until the civil penalty has been paid.

Sec. 44. Section 426B.2, subsection 3, Code 2001, is amended to read as follows:

3. The director of human services shall draw warrants on the property tax relief fund, payable to the county treasurer in the amount due to a county in accordance with subsection 1 and mail the warrants to the county auditors in ~~September~~ July and ~~March~~ January of each year.

Sec. 45. 2000 Iowa Acts, chapter 1228, section 8, is amended by adding the following new subsection:

NEW SUBSECTION. 18. Notwithstanding section 8.33, the state share of funds received by the state in this fiscal year or the succeeding fiscal year in a settlement with a fiscal agent shall not revert or be credited to the general fund but shall be treated as a repayment receipt and remain available to supplement funds appropriated in this section for the fiscal period beginning July 1, 2000, and for any appropriation made for medical assistance for the fiscal year beginning July 1, 2001.

Sec. 46. 2000 Iowa Acts, chapter 1228, section 9, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 47. 2000 Iowa Acts, chapter 1232, section 1, is amended to read as follows:

SECTION 1. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT ~~AND ALLOCATIONS~~. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For distribution to counties of the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment, ~~in accordance with section 331.438, subsection 2, and section 331.439, subsection 3, and chapter 426B in accordance with law:~~

.....	\$	26,492,712
		<u>24,887,428</u>

The funding appropriated in this section is the allowed growth factor adjustment for fiscal year 2001-2002, and is allocated as follows:

1. For distribution to counties for fiscal year 2001-2002 in accordance with the formula in section 331.438, subsection 2, paragraph "b":

..... \$ 12,000,000

2. For deposit in the per capita expenditure target pool created in the property tax relief fund pursuant to section 426B.5, subsection 1:

..... \$ 10,492,712

12,492,712

~~In addition to the requirement of section 426B.5, subsection 1, paragraph "c", limiting eligibility for moneys appropriated in this paragraph to counties levying the maximum amount allowed, both of the following eligibility requirements are applicable:~~

~~a. In the fiscal year beginning July 1, 2000, the county's services fund ending balance under generally accepted accounting principles was equal to or less than 35 percent of the county's projected expenditures for that fiscal year.~~

~~b. The county is in compliance with the filing date requirements under section 331.403.~~

~~3. For deposit in the incentive and efficiency pool created in the property tax relief fund pursuant to section 426B.5, subsection 2:~~

..... \$ 2,000,000

~~4.3. For deposit in the risk pool created in the property tax relief fund pursuant to section 426B.5, subsection 3:~~

..... \$ 2,000,000

394,716

Sec. 48. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES (MH/MR/DD) ALLOWED GROWTH FACTOR ADJUSTMENT AND ALLOCATIONS — REVISED ALLOCATIONS FOR FY 2001-2002.

1. Notwithstanding any contrary provisions of sections 225C.7, 331.438, subsection 2, 331.439, subsection 3, and 426B.5, and 2000 Iowa Acts, chapter 1232, section 1, as amended by this Act, the moneys appropriated in this Act, for distribution to counties in the fiscal year beginning July 1, 2001, for purposes of the mental health and developmental disabilities (MH/DD) community services fund under section 225C.7, and for the allowed growth factor adjustment for services paid under a county's section 331.424A mental health, mental retardation, and developmental disabilities services fund shall be subject to withholding as provided in this section.

2. After applying the applicable statutory distribution formulas to the amounts specified in the appropriations made in this Act for the MH/DD community services fund and for allowed growth in section 47, as amended by this Act, the department of human services shall apply a withholding factor to adjust the actual amount of the funding to be distributed to an eligible individual county. An ending balance percentage for each county shall be determined by calculating the county's ending balance on a modified accrual basis under generally accepted accounting principles for the fiscal year beginning July 1, 2000, in the county's mental health, mental retardation, and developmental disabilities services fund created under section 331.424A, as a percentage of the county's gross expenditures from that fund for the fiscal year. The withholding factor for a county shall be the following applicable percent:

a. For an ending balance percentage of less than 15 percent, a withholding factor of 0 percent.

b. For an ending balance percentage of 15 through 24 percent, a withholding factor of 12.8 percent.

c. For an ending balance percentage of 25 through 34 percent, a withholding factor of 35 percent.

d. For an ending balance percentage of 35 through 44 percent, a withholding factor of 67.25 percent.

e. For an ending balance percentage of 45 percent or more, a withholding factor of 100 percent.

3. The total withholding amounts applied pursuant to subsection 2 shall be equal to a withholding target amount of \$15,554,307 and the appropriations made in this Act for the MH/DD community services fund and for MH/MR/DD allowed growth as amended in section 47 of this Act, shall be reduced by the amounts necessary to attain the withholding target amount. If the department of human services determines that the amount to be withheld in accordance with subsection 2 is not equal to the target withholding amount, the department shall adjust the withholding factors listed in subsection 2 as necessary to achieve the withholding target amount. However, in making such adjustments to the withholding factors the department shall strive to minimize changes to the withholding factors for those ending balance percentage ranges that are lower than others and shall not adjust the zero withholding factor specified in subsection 2, paragraph "a".

4. Only those counties that are in compliance with the December 1, 2001, filing deadline for the county annual financial report in accordance with section 331.403 are eligible to receive a funding distribution under this section. The amount that would otherwise be available for distribution to a county that fails to so comply shall be proportionately distributed among the eligible counties.

5. The department of human services shall authorize the issuance of warrants payable to the county treasurer for the distribution amounts due to the counties eligible under this section and notwithstanding prior practice for the MH/DD community services fund, the warrants shall be issued in January 2002.

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

Sec. 50. REPORTS. Any reports or information required to be compiled and submitted under this Act shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the legislative fiscal bureau, the legislative service bureau, and to the legislative caucus staffs on or before the dates specified for submission of the reports or information.

Sec. 51. EQUIPMENT PURCHASE MORATORIUM.

1. **Commencing on the effective date of this section, the department of human services shall eliminate nonessential equipment purchases otherwise payable from any appropriation or transfer made to the department for the fiscal years beginning July 1, 2000.** Notwithstanding section 8.33, \$500,000 of the moneys appropriated and transfers made to the department of human services for the fiscal year beginning July 1, 2000, in 2000 Iowa Acts, chapters 1004, 1221, 1226, 1228, 1231, and 1232, and any other provision of law, that may be used for equipment purposes, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated in the appropriations made in this Act until the close of the succeeding fiscal year.

2. Upon submission to the persons designated by this Act for receiving reports of a report describing the transfers being made, the department may transfer up to \$2,500,000 to the appropriation in this Act for general administration from moneys that are budgeted for purchase of equipment in other appropriations made to the department in this Act.

**Sec. 52. ADULT MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES FUNDING DECATEGORIZATION PILOT PROJECT IMPLEMENTATION. The following target dates are applicable to implementation of the adult mental health, mental retardation, and developmental disabilities services funding decategorization pilot project under section 331.440A:*

1. *May 2001: Representatives of the pilot project and the department of human services shall visit Kansas City offices of the federal health care financing administration to present a concept paper and begin the development process for a section 1915b waiver application and section 1915c waiver amendment under the medical assistance program.*

2. *July 1, 2001: The department of human services shall transfer responsibility for administering state case payments to the pilot project counties, including the monthly payment amount per eligible person provisions under the state's administrative services only contract for state cases and the applicable percentage of field operations staff expenses.*

3. *October 2001: Federal social services block grant local purchase funding shall be directly transferred to the pilot project counties.*

4. *January 2002: State supplementary assistance funding and civil commitment funding shall be transferred to the pilot project counties and the section 1915b waiver application and the section 1915c waiver amendment under the medical assistance program shall be submitted to the health care financing administration of the United States department of health and human services.*

5. *July 2002: The state portion of the costs attributable to placements at a state mental health institute made from the pilot project counties, and the portion of funding for mental health and developmental disabilities services that is not county funding, including state and federal medical assistance program funding for such services, shall be transferred to the pilot project counties.**

Sec. 53. EFFECTIVE DATES. The following provisions of this Act, being deemed of immediate importance, take effect upon enactment:

1. Section 3, subsection 2, relating to nonreversion of moneys allocated for electronic benefits transfer development.

2. Section 14, subsection 2, paragraph "e", relating to requirements of section 232.143, for the 2001-2002 fiscal year.

3. Section 14, subsection 14, paragraph "a", relating to determining allocation of court-ordered services funding.

4. Section 26, subsection 2, relating to nonreversion of moneys appropriated in 2000 Iowa Acts, chapter 1228, section 27.

5. Section 34, relating to nonreversion of moneys appropriated in 2000 Iowa Acts, chapter 1221, section 1, for home health care services, for home health care and habilitative day care for children with special needs, and for respite care provided through home and community-based waiver services, and relating to nonreversion of moneys appropriated in 2000 Iowa Acts, chapter 1221, section 3, for purchase of service contract providers.

6. Section 45, relating to nonreversion of moneys appropriated in 2000 Iowa Acts, chapter 1228, section 8, for medical assistance repayment receipts.

7. Section 46, relating to nonreversion of moneys appropriated in 2000 Iowa Acts, chapter 1228, section 9, for the pharmaceutical case management study.

8. Section 51, relating to the equipment purchase moratorium.

9. Section 52, relating to adult mental health, mental retardation, and developmental disabilities services funding decategorization pilot project implementation.

Approved May 31, 2001, with exceptions noted.

THOMAS J. VILSACK, Governor

* Item veto; see message at end of the Act

Dear Mr. Secretary:

I hereby transmit House File 732, an Act relating to appropriations for the Department of Human Services and including other provisions and appropriations involving human services and health care, and providing effective dates.

The human services appropriations bill is a vitally important measure for literally hundreds of thousands of Iowans. For many of our neighbors, family members, and friends, it provides the services they most need to assist families, assure basic health care for children, nursing home care for senior citizens, treatment for those with mental illness, and assistance for those with mental retardation or developmental disabilities.

I am deeply saddened that House File 732 is the best that the Legislature was willing to enact. In many ways, this bill is a cruel hoax on Iowans. The Legislature purports to provide additional resources to help abused children, but the reality is that funding for child protection services is reduced. It allocates an additional 75 social workers to the department, giving the appearance that they were serious about addressing the need to have adequate staffing to protect children. However, the total number of staff allotted to the department to work on child protection and to provide services that help strengthen families has been reduced. They include language that appears to appropriate funds for a central intake center to receive child abuse reports. However, those funds are not available unless the Legislature takes specific action in 2002. The reality is that the total state funding to assist children who are vulnerable to abuse has been reduced, not increased. In addition, funding for health care services for children and people with special needs has also been reduced and is not adequate to meet expected needs.

House File 732 provides general fund appropriations that are \$19.4 million below the revised level that I recommended and \$7.5 million below FY 2001 funding. These cuts will negatively impact the department's ability to carry out its duties in an effective manner. It also adds responsibilities to the department at the same time it cuts funding. Therefore, I am unable to approve House File 732 in its entirety.

House File 732 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 2, subsection 17 in its entirety. A new marriage initiative program is proposed with \$500,000 from the Temporary Assistance to Needy Families Block Grant. Funding currently available to the state for child care programs was reduced to begin this program. The need for child care is vitally important for many Iowans as it provides them the ability to remain employed and support their families. A waiting list currently exists for child care assistance and the demand for those services continues to grow. I am unable to justify beginning a new program when the state has a waiting list for people who need child care assistance. I would also note that under the Accountable Government Act, state programs must set standards of accountability. This language does not indicate that such standards would be required, thus providing no clear means for Iowans to determine that this is a wise use of state resources. However, I am approving Section 37 of this bill that establishes the Iowa Marriage Initiative Grant Fund. This fund will allow any federal funds specifically made available for this purpose to be used for that program.

I am unable to approve the item designated as Section 2, subsection 18, first paragraph. This language requires the department to report on how federal Temporary Assistance to Needy Families complies with the four purposes outlined in federal law. The Legislature is re-

quired to appropriate TANF funds to meet these guidelines. Information is currently available on how it is spent and is available to the public without the need for an additional report.

I am unable to approve the item designated as Section 3, subsection 1, paragraph e, subparagraph (2) in its entirety. This language leads to expectations that a system will be available for payment for child care services and health care services electronically. This appears to be an idea worth considering but the Legislature did not provide resources to implement it.

I am unable to approve the item designated as Section 7, subsection 8 in its entirety. This language proposes that the department continue a case study for outcome based performance standards. This study has already been completed and delivered to the Legislature, thus this language is no longer needed.

I am unable to approve the item designated as Section 7, subsection 16 in its entirety. This language proposes that the drug utilization review commission review the use of non-sedating antihistamines. The drug utilization review commission has already reviewed these drugs and a further review would not be productive. This would require the department to take on additional work at a time when funding has been reduced.

I am unable to approve the item designated as Section 9, subsection 2 in its entirety. This language directs the department to provide a report on actual costs of providing coverage reported by each insurer participating in the HAWK-I program. This would require the department to take on additional work at a time when funding has been reduced.

I am unable to approve the item designated as Section 9, subsection 4 in its entirety. This language directs the department to seek a waiver to permit families eligible for Medicaid to participate in HAWK-I. This same language was included in previous legislation and the proposal was submitted to the federal government and rejected. Until such time as the federal statute changes, it would be pointless to continue to spend staff time with this directive.

I am unable to approve the item designated as Section 10, subsection 1 in its entirety. This subsection would require the department to seek input and recommendations from legislative members prior to entering into or extending a managed care contract for mental health or substance abuse services. The process for securing contracts provides that vendors will be evaluated on a specific set of criteria to assure fairness and eliminate potential conflicts of interest. The process includes a period of securing comments without giving the appearance of conflict of interest. Therefore, this section is not necessary.

I am unable to approve the item designated as Section 13, subsection 1, unnumbered paragraph 3. This item requires the department to submit a plan for relocating males at the Toledo Juvenile Home to other facilities, thus making Toledo a female only institution. This language has been included in the appropriation bill for the past three years and the Legislature has failed to fund the proposal each of those years. My recommendation in a previous year had included funding for this change and the Legislature chose to use that funding for other programs. If the Legislature wants this change in services to take place, it needs to provide the funds to enable it to happen.

I am unable to approve the item designated as Section 13, subsection 1, unnumbered paragraph 4. This directs funding for two security guards and paving a parking lot at the state juvenile home in Toledo. Given the reduction in funding the Legislature enacted in this bill, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 13, subsection 6 in its entirety. This item requires the department to develop an additional reporting and tracking system for citations at institutions. This information is already available to the public, and in some instances can be accessed on the Department of Inspections and Appeals website.

I am unable to approve the item designated as Section 14, subsection 18 in its entirety. The rules related to social worker qualifications are already in process before the Human Services Council. The remainder of the items enumerated in this section require resources at a time when the department's resources have been severely reduced.

I am unable to approve the item designated as Section 14, subsection 20 in its entirety. This item allocates \$700,000 for day treatment and aftercare services for juvenile females. I am supportive of providing these services to both males and females. The department is already allocating funds to the local level for various programs, including day treatment and aftercare services. The department should continue to work with the local providers to determine the type of services that will best serve these young people.

I am unable to approve the item designated as Section 20, subsection 3, paragraph c, unnumbered paragraph 2 in its entirety. This directs funding for two security guards at the state mental health institute in Independence. Given the reduction in funding the Legislature enacted in this bill, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 20, subsection 7 in its entirety. This item requires the department to develop an additional reporting and tracking system for citations at institutions. This information is already available to the public, and in some instances can be accessed on the Department of Inspections and Appeals website.

I am unable to approve the item designated as Section 21, subsection 8 in its entirety. This item requires the department to develop an additional reporting and tracking system for citations at institutions. This information is already available to the public, and in some instances can be accessed on the Department of Inspections and Appeals website.

I am unable to approve the items designated as Section 24, subsection 1, paragraph b, unnumbered paragraph 2, Section 52 in its entirety, and Section 53, subsection 9 in its entirety. These sections establish a process for a pilot project for decategorization of funding for adult mental health, mental retardation, and developmental disabilities services. While I support the interest of the four pilot counties in creating a better system and believe it may have merit, the department simply does not have the resources to staff this endeavor. It must put its resources where it will benefit all 99 counties.

I am unable to approve the item designated as Section 27, subsection 2 in its entirety. This language reduces the department's appropriation by \$2.5 million to eliminate their regional offices. Yet no reduction in the duties required by law of the department were made. All the duties that were being done must still be done with significantly fewer people to do them. Under this proposal, the duties currently being done by regional office staff must now be done at the local level. This not only sets up a potentially less efficient system, but it will also reduce the amount of time that local workers have to work with families and to protect children. I fully believe that state government as a whole must review the way it is organized to serve Iowans. That is why I have initiated a restructuring process with all state agencies. The language in this bill, however, does not allow for a restructuring that will promote the best results for Iowans.

I am unable to approve the items designated as Section 28, subsections 2, 3, and 5 in their entirety. This language directs the director to expand the community partnership approach to child protection services, and to work to secure additional federal funding. These activities are currently taking place, making this language unnecessary. The community partnership approach in child protection is being expanded in more than 65 counties in Iowa.

I am unable to approve the items designated as Section 29, subsections 2, 3, and 4 in their entirety. These items require additional duties for the department relating to the requirement for reports to the Legislature and negotiations with the state of Nebraska at a time when dollars and staffing have been severely reduced. Remaining resources should be directed towards providing services to needy Iowans.

I am unable to approve the item designated as Section 31, subsection 1, paragraph b, subparagraph (2) in its entirety. This language requires the department to increase its efforts to collect pharmaceutical manufacturer rebates in order to meet the national average. Based upon industry data, the state is already collecting 99.1% of the national average. Thus, this language appears to be unnecessary and would require the department to take on additional work at a time when funding has been reduced.

I am unable to approve the item designated as Section 31, subsection 1, paragraph b, subparagraph (4) in its entirety. This language attempts to encourage greater use of generic drugs by increasing the co-pay for brand name drugs. Based on claims paid for the previous six months, 54% of the prescriptions paid by the Medicaid program are for generic drugs, 41% are for brand name drugs for which there is no generic equivalent and 4.7% are for brand name drugs where the prescribing authority has directed that they are medically necessary. **Bottom line — this proposal increases fees for Iowa seniors, children, and people with special needs who do not have other choices besides using a brand name drug.**

Another section of this bill proposes the implementation of a maximum allowable cost list for prescription drugs. While I am supportive of this effort, the time frame specified in the statute is very ambitious. I will direct the department to pursue implementation of this proposal as quickly as reasonably possible but would caution legislators about the viability of meeting the implementation date and anticipated savings expected from this proposal for fiscal year 2002.

I am unable to approve the item designated as Section 31, subsection 13 in its entirety. This item requires the department to conduct a study on pay disparity between state and private child welfare workers. This would require the department to take on additional work at a time when funding has been reduced.

I am unable to approve the designated portion of Section 51, subsection 1. This language is not necessary as I have already directed all departments to cease the purchase of non-essential equipment.

For the above reasons, I hereby respectfully approve House File 732 with the exceptions noted above.

Sincerely,
THOMAS J. VILSACK, *Governor*