

**CHAPTER 160****MENTAL HEALTH, MENTAL RETARDATION, AND  
DEVELOPMENTAL DISABILITIES SERVICES***H.F. 664*

**AN ACT** relating to mental health, mental retardation, and other developmental disabilities and including effective date and applicability provisions.

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

**DIVISION I****ADULT MH/MR/DD SERVICES FUNDING PILOT PROJECT**

Section 1. NEW SECTION. 331.440A ADULT MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES FUNDING DECATEGORIZATION PILOT PROJECT.

1. DEFINITIONS. For the purposes of this section, unless the context requires otherwise:

a. "Department" means the department of human services.

b. "Pilot project areas" means the pilot project created under this section involving the three-county or multicounty single entry point process administrative areas designated in accordance with this section.

c. "Target population" means any person who is a legal resident of a pilot project county and meets both of the following conditions:

(1) The person is eighteen years of age or older. However, a person who is more than sixty-four years of age who requires full-time nursing facility care shall not be included in the target population.

(2) The person is eligible for assistance under the pilot project county management plan approved under section 331.439.

2. PURPOSE. The purpose of the pilot project is to improve outcomes for service consumers by allowing pilot project counties to administer overall projected funding from state and federal sources together with other available funding, and by reducing or eliminating unnecessary barriers associated with funding sources, and thereby to creatively meet the divergent, individual needs of service consumers in the community.

3. PROJECT ESTABLISHED. The department of human services shall establish a pilot project for decategorizing the public funding for adult mental health, mental retardation, and developmental disabilities services in accordance with this section. The pilot project shall include the three-county single entry point process administrative areas designated for decategorization planning under 1997 Iowa Acts, chapter 169, section 13. Under the pilot project, a projected funding amount for a fiscal year shall be developed for each of the three administrative areas, from the funding sources designated in this section. The projected funding amount for a fiscal year, manner of payment, and other provisions of the pilot project shall be delineated in contracts between the department and the counties involved in the pilot project.

4. COUNTY MANAGEMENT PLAN. The counties participating in the pilot project shall amend their county management plans approved under section 331.439 to be applicable to the period of the pilot project. Unless a change in federal or state funding provisions reduces the availability of funding, a pilot project county's management plan eligibility provisions shall not be more restrictive than the provisions in effect as of June 30, 1999. The amended county management plans shall address the service needs of the populations served under the funding sources included in the pilot project beginning with the applicable phase.

For purposes of determining the financial responsibility of a pilot project county, a legal resident includes anyone living in the county at the time services or other support are provided who is a member of the target population. A legal resident includes but is not limited to a person who is homeless or living in a homeless shelter. However, if an individual

resides in a pilot project county as a result of placement or referral for services or other support by another county or another state, financial responsibility remains with the other county or other state.

5. COUNTY RESPONSIBILITIES.

a. A county participating in the pilot project is responsible to provide or pay for services and other support to appropriately address the needs of the target population attributable to that county. This responsibility includes accountability for clinical, administrative, and fiscal functions.

b. A pilot project area may choose among alternative approaches in administering services under the pilot project. The alternative approaches include but are not limited to any of the following:

- (1) A case rate approach to purchase of services.
- (2) A fee-for-service purchasing approach with an emphasis on flexible, creative services.
- (3) A mixed model involving both case rate and fee-for-service approaches.

c. A pilot project area shall provide data and other reports as provided in the contract with the department.

d. Moneys received by a county under the pilot project shall be deposited in the county's services fund. Moneys received that remain unencumbered or unobligated at the close of the fiscal year shall remain available to be used to benefit the county's target population in the succeeding fiscal year.

e. Receipt and expenditures of moneys under the pilot project shall be subject to examination during the regular audit of the pilot project area counties performed in accordance with chapter 11.

6. FUNDING — PHASES. The department shall negotiate with the pilot project areas to identify the projected funding amount to be provided to the areas for a fiscal year. The projected funding amount shall be determined in accordance with a pilot project area's relative share of the statewide expenditures for services and other support paid by the funding sources included in the pilot project plus the related administrative expenses. Unless the commencement dates are delayed due to a determination by the oversight committee, the pilot project funding shall be implemented in two phases with the first phase to commence July 1, 2000, and the second phase to commence July 1, 2001, as provided in paragraph "d". Both phases of the pilot project shall end December 31, 2003. The phases of the pilot project shall be implemented as follows:

a. In the first phase, the department and the pilot project areas shall negotiate the specific projected funding amounts to be provided to each area. The department and the pilot project areas shall provide any data or other information necessary to accurately develop the projected amounts. The funding amount for the first phase shall be determined by December 30, 1999.

b. In the first phase, the mental health services funding sources for the pilot project areas shall include but are not limited to all of the following:

- (1) The state share of the costs of care in the state mental health institutes.
- (2) The mental health portion of any federal grant funding administered through the United States department of health and human services.
- (3) Federal social services block grant funding.
- (4) State case funding.
- (5) State funding for the purchase of local services for persons with mental illness where the client has no established county of legal settlement.
- (6) State supplementary assistance funding.
- (7) To the extent allowed by the federal government, the mental health portion of federal funding provided for vocational rehabilitation of individuals with disabilities.

c. In the first phase, the mental retardation and other developmental disabilities services funding sources for the pilot project areas shall include but are not limited to all of the following:

(1) State and federal medical assistance funding for home and community-based waiver services to persons with mental retardation.

(2) The state share of the costs of care in the state hospital-schools.

(3) State and federal medical assistance payments for intermediate care facilities for persons with mental retardation services.

(4) Federal social services block grant funding.

(5) State funding for the purchase of local services for persons with mental retardation and other developmental disabilities where the client has no established county of legal settlement.

(6) State supplementary assistance funding.

(7) To the extent allowed by the federal government, the mental retardation and other developmental disabilities portion of federal funding provided for vocational rehabilitation of persons with disabilities.

d. In the second phase, all other medical assistance funding for mental health services for the pilot project areas shall be incorporated into the annual projected funding amount. Implementation of the second phase shall be subject to enactment by the general assembly of an implementation authorization.

#### 7. OVERSIGHT COMMITTEE.

a. An oversight committee shall be established to provide general oversight of the pilot project and the risk pool and to perform the duties outlined in this subsection. The oversight committee shall consist of the following members:

(1) At least one service consumer, one service provider, and one county supervisor from each of the three pilot project areas, designated by the governor.

(2) An individual designated by the governor.

(3) One individual designated by the division of medical services of the department of human services and one individual designated by the division of mental health and developmental disabilities of the department of human services.

(4) An individual designated by the legislative council. If the individual designated by the legislative council is a member of the general assembly, that member shall be a nonvoting member.

b. The oversight committee shall have the following duties and responsibilities:

(1) The oversight committee may make a determination that implementation by the department of human services of a significant funding provision such as the rehabilitation option for persons with chronic mental illness or a waiver under the medical assistance program or another good cause reason justifies delay of the implementation of the pilot project phases as provided in subsection 6. If such a determination is made, the department of human services and pilot project counties shall delay implementation of the pilot project phases until a date identified by the oversight committee.

(2) The oversight committee shall arrange for an independent evaluation of the pilot project in accordance with subsection 9.

(3) The oversight committee shall provide assistance to the pilot project counties, the department of human services, and other interested persons concerning implementation of the pilot project.

(4) The oversight committee shall perform functions for the risk pool in accordance with subsection 8.

8. RISK POOL. In order to augment assistance from the risk pool of the property tax relief fund for which the pilot project counties may be eligible under section 426B.5, the pilot project administrative areas shall create and commit funding to a pilot project risk pool. The pilot project risk pool shall be used to cover unexpected costs resulting from an unanticipated event such as a legal settlement requirement or need for an exceptionally costly set of services or other support. Funding shall be committed on the basis of a percentage of the pilot project counties overall budget for services under the counties' management plan with an annual maximum percentage for each area and an overall combined percentage maximum, as determined by the pilot project counties in consultation with the oversight

committee. Expenditure of this risk pool funding shall be subject to authorization by the oversight committee.

9. OUTCOMES AND EVALUATION.

a. In consultation with the oversight committee, the pilot project participants and the department shall agree on a set of outcomes and indicators to measure the effect of the pilot project upon the system of care in those counties. The department and pilot project areas shall annually report to the governor and general assembly by December 15 on the implementation status of the pilot project and the performance on the indicators. The report shall include any findings identified by the oversight committee.

b. The oversight committee shall arrange for an independent evaluation of the pilot project. The evaluation shall assess the quality of services as well as the cost-effectiveness of the pilot project. The evaluation shall include a focus on special populations such as persons who are homeless or who have multiple disabilities or service needs.

c. A final report concerning the pilot project shall be submitted by the department and the pilot project areas to the governor and general assembly. It is the intent of the general assembly to use that report to determine whether to continue the pilot project, revise it, terminate it, or implement the pilot project provisions or a similar approach statewide.

10. LAW — RULES — IMPLEMENTATION.

a. If a provision of state law or administrative rule is in conflict with a provision of this section, the provision of this section shall prevail. State law and administrative rules governing the funding sources specified in this section are not applicable to use of the funding by the pilot project counties.

b. The department shall amend the medical assistance state plan and apply for federal waivers as necessary to implement the provisions of this section.

c. The department shall amend its contract for managed behavioral health care under medical assistance as necessary to implement the second phase of the pilot project and for the medical assistance-eligible persons covered under that contract to instead be covered by the pilot project counties.

d. The pooling of funding sources and the provision of services under this pilot project and implementation of a risk pool as authorized in this section is not insurance and is not subject to regulation under chapters 505 through 523C.

e. The department of human services shall amend the state medical assistance plan, implement federal waivers, or take other actions as necessary for the pilot project areas to be able to draw federal funding for the start-up and other costs to implement the pilot project.

f. The department shall give consideration to implementing a rehabilitation option under the medical assistance program for persons with chronic mental illness.

g. The requirements of this section may be adapted as necessary to comply with federal law, regulation, or other requirements in order to assure federal financial participation in the pilot project.

DIVISION II  
MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES  
COMMISSION

Sec. 2. Section 225C.4, subsection 1, paragraph p, Code 1999, is amended to read as follows:

p. ~~Recommend and enforce to the commission~~ minimum accreditation standards for the maintenance and operation of community mental health centers, services, and programs under section 230A.16. The administrator's review and evaluation of the centers, services, and programs for compliance with the adopted standards shall be as provided in section 230A.17.

Sec. 3. Section 225C.4, subsection 1, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. pp. Recommend to the commission minimum standards for supported community living services. The administrator shall review and evaluate the services for compliance with the adopted standards.

Sec. 4. Section 225C.6, subsection 1, paragraph c, Code 1999, is amended to read as follows:

c. Adopt standards for community mental health centers, services, and programs as recommended under section 230A.16. The commission shall determine whether to grant, deny, or revoke the accreditation of the centers, services, and programs.

Sec. 5. Section 225C.6, subsection 1, paragraph l, Code 1999, is amended to read as follows:

l. Establish standards for the provision under medical assistance of individual case management services. The commission shall determine whether to grant, deny, or revoke the accreditation of the services.

Sec. 6. Section 225C.21, subsection 2, Code 1999, is amended to read as follows:

2. The ~~department~~ commission shall adopt rules pursuant to chapter 17A establishing minimum standards for ~~the programming of~~ supported community living services. The ~~department~~ commission shall ~~approve all~~ determine whether to grant, deny, or revoke approval for any supported community living services ~~which meet the minimum standards service.~~

### DIVISION III STATE-COUNTY MANAGEMENT COMMITTEE

Sec. 7. Section 331.438, subsection 4, paragraph b, unnumbered paragraph 1, Code 1999, is amended to read as follows:

The management committee shall consist of ~~not more than twelve~~ fifteen voting members as follows:

Sec. 8. Section 331.438, subsection 4, paragraph b, subparagraph (1), Code 1999, is amended to read as follows:

(1) ~~An equal number of not more than nine~~ Four members shall be appointed by the director of human services ~~and~~. Four members shall be appointed by the Iowa state association of counties and one additional member shall be jointly appointed by both entities. Members appointed by the Iowa state association of counties shall be selected from a pool nominated by the county supervisor affiliate of the association with four members from the affiliate. The affiliate shall select the nominees through a secret ballot process. In addition, two members shall be appointed by the community services affiliate of the Iowa state association of counties.

Sec. 9. Section 331.438, subsection 4, paragraph b, subparagraph (2), Code 1999, is amended to read as follows:

(2) The committee shall include ~~one member~~ two members nominated by service providers, one member nominated by service advocates, ~~and consumers~~ one member who is a service consumer, and one member nominated by the state's council of the association of federal, state, county, and municipal employees, with these members appointed by the governor.

Sec. 10. Section 331.438, subsection 4, paragraph b, subparagraph (4), Code 1999, is amended to read as follows:

(4) A member who is not a legislator shall have expenses and other costs paid by the state or the county entity that the member represents. The committee shall ~~establish terms for its members~~, elect officers, adopt operating procedures, and meet as deemed necessary by the committee. Terms of office for the appointed voting members of the committee are three

years and shall be staggered. A vacancy on the committee shall be filled in the same manner as the original appointment.

Sec. 11. SERVICE SYSTEM ISSUES. The state-county management committee shall create a task force to consider issues and options regarding statewide eligibility standards, identification of core or basic services to be made reasonably available statewide, statewide equity and other considerations associated with distributing state funding, implementation of funding decategorization, changes in the membership composition of the committee, legal settlement issues, improved utilization of available funding streams, and the allowed growth recommendation process. In considering the allowed growth recommendation process, the task force shall review the divergence between unmet needs in the service delivery system and county expenditure trends and shall make specific recommendations as to how allowed growth funding can best be distributed to address services that are not adequately funded and population groups that are not served or are underserved. The committee shall consider the task force report and recommendations in making the committee's report on these topics to the governor and general assembly, which shall be submitted on or before November 15, 1999. The legislative council is requested to designate a legislative interim committee to meet for two or more days to consider the report on behalf of the general assembly.

Sec. 12. STAGGERED TERMS. Effective July 1, 1999, the appointing authorities for the state-county management committee shall provide by mutual agreement for the staggering of the terms of voting members of the committee so that the terms of at least five members expire each year. Based on this mutual agreement, the terms of individuals who are voting members of the committee as of June 30, 1999, shall either expire June 30, 1999, or be for one, two, or three years beginning on July 1, 1999. The terms of the two members appointed by the community services affiliate of the Iowa state association of counties shall commence July 1, 1999. This section takes effect June 30, 1999.

#### DIVISION IV COUNTY MANAGEMENT PLAN PROVISIONS

Sec. 13. Section 331.439, subsection 1, paragraph b, Code 1999, is amended to read as follows:

b. The county developed and implemented a county management plan for the county's mental health, mental retardation, and developmental disabilities services in accordance with the provisions of this paragraph "b". The plan shall comply with the administrative rules adopted for this purpose by the council on human services and is subject to the approval of the director of human services in consultation with the state-county management committee created in section 331.438. The plan shall include a description of the county's service management provision for mental health, mental retardation, and developmental disabilities services. For mental retardation and developmental disabilities service management, the plan shall describe the county's development and implementation of a managed system of cost-effective individualized services and shall comply with the provisions of paragraph "d". The goal of this part of the plan shall be to assist the individuals served to be as independent, productive, and integrated into the community as possible. The service management provisions for mental health shall comply with the provisions of paragraph "c". A county is subject to all of the following provisions in regard to the county's management plan and planning process:

(1) The county shall have in effect an approved policies and procedures manual for the county's services fund. The county management plan shall be defined in the manual. The manual submitted by the county as part of the county's management plan for the fiscal year beginning July 1, 2000, as approved by the director of human services, shall remain in effect, subject to amendment. An amendment to the manual shall be submitted to the department of human services at least forty-five days prior to the date of implementation. Prior to

implementation of any amendment to the manual, the amendment must be approved by the director of human services in consultation with the state-county management committee.

(2) For informational purposes, the county shall submit a management plan review to the department of human services by April 1 of each year. The annual review shall incorporate an analysis of the data associated with the services managed during the preceding fiscal year by the county or by a managed care entity on behalf of the county.

(3) For informational purposes, every three years the county shall submit to the department of human services a three-year strategic plan. The strategic plan shall describe how the county will proceed to attain the goals and objectives contained in the strategic plan for the duration of the plan. The three-year strategic plan shall be submitted by April 1, 2000, and by April 1 of every third year thereafter.

Sec. 14. Section 331.439, subsection 1, paragraph c, subparagraph (1), Code 1999, is amended to read as follows:

(1) For mental health service management, the county may either directly implement a system of service management and contract with service providers, or contract with a private entity to manage the system, provided all requirements of this lettered paragraph are met by the private entity. The mental health service management shall incorporate a single entry point and clinical assessment process developed in accordance with the provisions of section 331.440. ~~The county shall submit this part of the plan to the department of human services for approval by April 1 for the succeeding year. Initially, this part of the plan shall be submitted to the department by April 1, 1996, and the county shall implement the approved plan by July 1, 1996.~~

Sec. 15. Section 331.439, subsection 1, paragraphs d and e, Code 1999, are amended to read as follows:

d. For mental retardation and developmental disabilities services management, the county must either develop and implement a managed system of care which addresses a full array of appropriate services and cost-effective delivery of services or contract with a state-approved managed care contractor or contractors. Any system or contract implemented under this paragraph shall incorporate a single entry point and clinical assessment process developed in accordance with the provisions of section 331.440. The elements of the managed system of care and the state-approved managed care contract or contracts shall be specified in rules developed by the department of human services in consultation with the state-county management committee and adopted by the council on human services. ~~Initially, this part of the plan shall be submitted to the department for approval on or before October 1, 1996, and shall be implemented on or before January 1, 1997. In fiscal years succeeding the fiscal year of initial implementation, this part of the plan shall be submitted to the department of human services for approval by April 1 for the succeeding fiscal year.~~

~~e. Changes to the approved plan are submitted at least sixty days prior to the proposed change and are not to be implemented prior to the director of human services' approval.~~

Sec. 16. EFFECTIVE DATE — APPLICABILITY. This division of this Act takes effect July 1, 2000, except that the management plan and planning process provisions under section 331.439, as amended by this division of this Act, take effect upon enactment and are applicable for purposes of preparation and submission of the management plan by April 1, 2000, for the fiscal year beginning July 1, 2000.

#### DIVISION V RESIDENTIAL CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION

Sec. 17. Section 135C.6, subsection 8, paragraphs a and b, Code 1999, are amended to read as follows:

a. A residential program which provides care to not more than four individuals and receives moneys appropriated to the department of human services under provisions of a federally approved home and community-based services waiver for persons with mental retardation or other medical assistance program under chapter 249A. In approving a residential program under this paragraph, the department of human services shall consider the geographic location of the program so as to avoid an overconcentration of such programs in an area. In order to be approved under this paragraph, a residential program shall not be required to involve the conversion of a licensed residential care facility for persons with mental retardation.

b. A total of ~~twenty~~ forty residential care facilities for persons with mental retardation which are licensed to serve no more than five individuals may be authorized by the department of human services to convert to operation as a residential program under the provisions of a medical assistance home and community-based services waiver for persons with mental retardation. A converted residential program is subject to the conditions stated in paragraph "a" except that the program shall not serve more than five individuals. The department of human services shall allocate conversion authorizations to provide for ~~four~~ eight conversions in each of the department's five service regions. ~~If a conversion authorization allocated to a region is not used for conversion by January 1, 1998, the department of human services may reallocate the unused conversion authorization to another region. The department of human services shall study the cost effectiveness of the conversions and provide an initial report to the general assembly no later than January 2, 1998, and a final report no later than December 15, 1998.~~

Approved May 20, 1999

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## CHAPTER 161

### DESIGNATION OF STATE POET LAUREATE

H.F. 688

AN ACT providing for the designation of a state poet laureate.

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

Section 1. NEW SECTION. 303.88A STATE POET LAUREATE DESIGNATED — NOMINATING COMMITTEE.

1. A state poet laureate nominating committee is created. At the request of the governor, the executive director of humanities Iowa and the executive director of the Iowa arts council shall each appoint three persons who reside in this state to a poet laureate nominating committee. At its initial meeting held at the call of the executive directors of humanities Iowa and the Iowa arts council, the state poet laureate nominating committee shall elect a chairperson and vice chairperson from among its members and adopt rules of procedure. The members of the state poet laureate nominating committee shall be invited to serve without compensation for their services. The nominating committee is charged with considering the diversity of the people and poetry of Iowa.

2. If more than one meeting is required, the state poet laureate nominating committee shall meet at the call of the chairperson or as determined by the nominating committee and select a list of three nominees, along with biographical and professional information and supporting representative material, who are residents of Iowa and who, based on their