

CHAPTER 426B

PROPERTY TAX RELIEF — MENTAL HEALTH AND DISABILITIES SERVICES

For specific exceptions to payments and expenditures provided under this chapter, see appropriations and other noncodified enactments in the annual Acts of the general assembly

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426B.1 Appropriations — property tax relief fund.

1. A property tax relief fund is created in the state treasury under the authority of the department of human services. The fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state except in determining the cash position of the state for payment of state obligations. The moneys in the fund are not subject to the provisions of [section 8.33](#) and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in [this chapter](#). Moneys in the fund may be used for cash flow purposes, provided that any moneys so allocated are returned to the fund by the end of each fiscal year. However, the fund shall be considered a special account for the purposes of [section 8.53](#), relating to elimination of any GAAP deficit. For the purposes of [this chapter](#), unless the context otherwise requires, “*property tax relief fund*” means the property tax relief fund created in [this section](#).

2. Moneys shall be distributed from the property tax relief fund to counties for the mental health and disability regional service system for providing county base property tax equivalent equalization payments and the per capita growth amount established pursuant to [section 426B.3](#), in accordance with the appropriations made to the fund and other statutory requirements.

[95 Acts, ch 206, §17; 96 Acts, ch 1034, §38; 96 Acts, ch 1219, §104; 97 Acts, ch 158, §28; 2002 Acts, ch 1119, §167; 2003 Acts, ch 108, §72; 2010 Acts, ch 1193, §14; 2012 Acts, ch 1120, §134, 139, 140](#)

2012 amendment to subsection 2 is effective July 1, 2013, and is applicable commencing with the budget and tax levy certification process for the fiscal year beginning July 1, 2013; 2012 Acts, ch 1120, §139, 140

Replacement generation tax revenues required to be credited for FY 2011-2012 and FY 2012-2013 to mental health and disability services redesign fund created in 2012 Acts, ch 1133, §56; 2012 Acts, ch 1133, §55, 71; 2013 Acts, ch 138, §44, 46

Replacement generation tax revenues appropriated for FY 2013-2014 and FY 2014-2015 to department of human services to supplement medical assistance appropriation and allocated for various mental health and disability service-related activities; 2013 Acts, ch 138, §12, 142

426B.2 Property tax relief fund payments.

1. 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 [section 426B.3](#), and mail the warrants to the county auditors in July and January of each year.

2. As used in [this chapter](#), and in [sections 331.438*](#) and [331.439*](#), “*population*” means the latest applicable population estimate issued by the federal government.

[95 Acts, ch 206, §18; 96 Acts, ch 1205, §4, 5; 97 Acts, ch 198, §5; 98 Acts, ch 1100, §59; 98 Acts, ch 1213, §7, 9; 2001 Acts, ch 191, §44; 2003 Acts, ch 106, §1, 15; 2008 Acts, ch 1187, §49; 2012 Acts, ch 1019, §132; 2012 Acts, ch 1120, §135, 136, 139, 140](#)

2012 amendments striking former subsections 1 and 2 and amending former subsection 3 take effect July 1, 2013, and are applicable commencing with the budget and tax levy certification process for the fiscal year beginning July 1, 2013; 2012 Acts, ch 1120, §139, 140

*Sections 331.438 and 331.439 are repealed; corrective legislation is pending

426B.3 Per capita funding — repayment of Medicaid offset amount.

1. For the fiscal years beginning July 1, 2013, July 1, 2014, and July 1, 2015, the state and county funding for the mental health and disability services administered or paid for by counties shall be provided based on a statewide per capita expenditure target amount computed in accordance with [this section](#) and [section 331.424A](#).

2. The statewide per capita expenditure target amount shall consist of the sum of the following:

a. A county base property tax equivalent to forty-seven dollars and twenty-eight cents per capita. Each per capita growth amount established by statute as provided in paragraph “b”, shall be added to this amount.

b. A per capita growth amount, which may be stated as a percentage of the prior fiscal year’s county base property tax per capita amount, as established by statute.

3. The per capita growth amount established by statute shall provide funding for increases in non-Medicaid expenditures from county services funds due to service costs, additional service populations, additional core service domains, and numbers of persons receiving services.

4. a. For the fiscal years beginning July 1, 2013, July 1, 2014, and July 1, 2015, a county with a county population expenditure target amount that exceeds the amount of the county’s base year expenditures for mental health and disabilities services shall receive an equalization payment for the difference.

b. The equalization payments determined in accordance with [this subsection](#) shall be made by the department of human services for each fiscal year as provided in appropriations made from the property tax relief fund for this purpose. If the county is part of a region that has been approved by the department in accordance with [section 331.389](#), to commence partial or full operations, the county’s equalization payment shall be remitted to the region or the county, as appropriate, for expenditure as approved by the region’s governing board or in accordance with the county’s service management plan, as appropriate. The payment for a county that has been approved by the department to operate as an individual county region shall be remitted to the county for expenditure as approved by the county board of supervisors. For the fiscal year beginning July 1, 2013, and succeeding fiscal years, the payment shall be remitted only for those counties approved to operate as an individual county region or to be part of a region. Remittance of the payment for a county without such approval shall be deferred until such approval is granted.

5. a. For the purposes of [this subsection](#), unless the context otherwise requires:

(1) “*Base year*” means the fiscal year prior to the fiscal year for which a Medicaid offset amount is calculated.

(2) “*Base year amount*” means the actual amount expended from a county’s services fund during the base year for the services and supports contained in the code set for the class of persons eligible for the Iowa health and wellness plan under [chapter 249N](#).

(3) “*Calculation year*” means the fiscal year for which a Medicaid offset amount is calculated.

(4) “*Calculation year amount*” means the actual amount expended from a county’s services fund during the calculation year for the services and supports contained in the code set for the class of persons eligible for the Iowa health and wellness plan under [chapter 249N](#).

(5) “*Code set*” means the set of current procedural terminology (CPT) medical code set codes and the international classification of diseases, ninth revision (ICD-9) codes identified in accordance with [this subsection](#) for calculation of Medicaid offset amounts.

(6) “*Services fund*” means a county’s mental health and disabilities services fund created in accordance with [section 331.424A](#).

b. The department and representatives of mental health and disability services region regional administrators shall identify and agree to a code set for the services and supports provided under regional service management plans for the class of persons eligible for the Iowa health and wellness plan. The initial code set shall be identified and agreed to on or before June 30, 2014. The code set may be modified from time to time by agreement of the department and representatives of mental health and disability services region regional administrators.

c. Commencing with the fiscal year beginning July 1, 2013, and continuing in any succeeding fiscal year in which appropriations are enacted for distribution of equalization payments in the succeeding fiscal year in accordance with [subsection 4](#), Medicaid offset amounts shall be calculated for the counties in accordance with [this subsection](#). The calculation of county Medicaid offset amounts for a fiscal year shall be made and

communicated to the counties by the department on or before October 15 following the calculation year. If rules are deemed to be necessary to provide further detail concerning calculation and administration of the Medicaid offset amounts, the rules shall be adopted by the mental health and disability services commission in consultation with the department and representatives of mental health and disability services region regional administrators.

d. (1) A county's Medicaid offset amount for a fiscal year shall be equal to eighty percent of the excess of the county's base year amount over the county's calculation year amount.

(2) In lieu of subparagraph (1), for the fiscal year beginning July 1, 2013, a county's Medicaid offset amount shall be calculated by identifying the excess in the actual amount expended from a county's services fund for the services and supports contained in the code set for the class of persons eligible for the Iowa health and wellness plan during the period beginning July 1, 2013, and ending December 31, 2013, over such actual amount expended for the same services and supports for such persons during the period beginning January 1, 2014, and ending June 30, 2014, and doubling the excess identified. A county's Medicaid offset amount for the fiscal year beginning July 1, 2013, shall be equal to eighty percent of the result.

e. A county shall address the county's Medicaid offset amount for a fiscal year in the fiscal year following the calculation year as follows:

(1) If the county receives an equalization payment in the fiscal year following the calculation year, the county shall repay the Medicaid offset amount to the state from that equalization payment. A county's repayment pursuant to this subparagraph shall be remitted on or before January 1 of the fiscal year in which the equalization payment is received and the repayment shall be credited to the property tax relief fund. Moneys credited to the property tax relief fund in accordance with this subparagraph are subject to appropriation by the general assembly to support mental health and disability services administered by the regional system. The department of human services' annual budget shall include recommendations for reinvestment of the amounts credited to the fund to address core and additional core services administered by the regional system.

(2) If the county does not receive an equalization payment in the fiscal year following the calculation year or the equalization payment is less than the Medicaid offset amount, the county shall, for the subsequent fiscal year, reduce the dollar amount certified for the county's services fund levy by the amount of the insufficiency. The initial year for such a reduction to be applied shall be the fiscal year beginning July 1, 2015.

95 Acts, ch 206, §19; 97 Acts, ch 198, §6; 98 Acts, ch 1100, §60; 2012 Acts, ch 1019, §133; 2012 Acts, ch 1120, §137, 139, 140; 2013 Acts, ch 138, §180, 187; 2013 Acts, ch 140, §177, 186; 2014 Acts, ch 1140, §80 – 82, 85

2012 amendment to this section takes effect July 1, 2013, and is applicable commencing with the budget and tax levy certification process for the fiscal year beginning July 1, 2013; 2012 Acts, ch 1120, §139, 140

Subsections 1 and 4 amended

Subsection 5 stricken and rewritten

426B.4 Rules.

The mental health and disability services commission shall consult with county representatives and the director of human services in prescribing forms and adopting rules pursuant to [chapter 17A](#) to administer [this chapter](#).

95 Acts, ch 206, §20; 97 Acts, ch 158, §29; 2002 Acts, ch 1146, §19; 2004 Acts, ch 1090, §31; 2010 Acts, ch 1031, §389

426B.5 Funding pools.

1. Allowed growth funding pool.

a. An allowed growth funding pool is created in the property tax relief fund. The pool shall consist of the moneys credited to the pool by law.

b. Moneys available in the allowed growth funding pool for a fiscal year are appropriated to the department of human services for distribution as provided in [this subsection](#).

c. The first twelve million dollars credited to the funding pool shall be allocated to counties based upon the county's relative proportion of the state's general population.

d. (1) The amount in the funding pool remaining after the allocation made in paragraph “c” shall be allocated to those counties that meet all of the following eligibility requirements:

(a) The county is levying the maximum amount allowed for the county’s mental health and disabilities services fund under [section 331.424A](#) for the fiscal year in which the funding is distributed.

(b) In the latest fiscal year reported in accordance with [section 331.403](#), the county’s mental health and disabilities services fund ending balance under generally accepted accounting principles was equal to or less than twenty-five percent of the county’s actual gross expenditures for that fiscal year.

(2) The amount allocated to a county from the moneys available in the pool under this paragraph “d” shall be determined based upon the county’s proportion of the general population of the counties eligible to receive moneys from the pool for that fiscal year.

e. In order to receive an allocation under [this section](#), a county must comply with the filing date requirements under [section 331.403](#). Moneys credited to the allowed growth funding pool which remain unobligated or unexpended at the close of a fiscal year shall remain in the pool for distribution in the succeeding fiscal year.

f. The most recent population estimates issued by the United States bureau of the census shall be applied in determining population for the purposes of [this subsection](#).

g. The department of human services shall annually calculate the amount of moneys due to eligible counties in accordance with [this subsection](#). The department shall authorize the issuance of warrants payable to the county treasurer for the amounts due and the warrants shall be issued in January.

2. Risk pool.

a. For the purposes of [this subsection](#), unless the context otherwise requires, “*services fund*” means a county’s mental health and disabilities services fund created in [section 331.424A](#).

b. A risk pool is created in the property tax relief fund. The pool shall consist of the moneys credited to the pool by law.

c. A risk pool board is created. The board shall consist of two county supervisors, two county auditors, a member of the mental health and disability services commission who is not a member of a county board of supervisors, a member of the county finance committee created in [chapter 333A](#) who is not an elected official, a representative of a provider of mental health or developmental disabilities services selected from nominees submitted by the Iowa association of community providers, and two central point of coordination process* administrators, all appointed by the governor, and one member appointed by the director of human services. All members appointed by the governor shall be subject to confirmation by the senate. Members shall serve for three-year terms. A vacancy shall be filled in the same manner as the original appointment. Expenses and other costs of the risk pool board members representing counties shall be paid by the county of origin. Expenses and other costs of risk pool board members who do not represent counties shall be paid from a source determined by the governor. Staff assistance to the board shall be provided by the department of human services and counties. Actuarial expenses and other direct administrative costs shall be charged to the pool.

d. A county must apply to the risk pool board for assistance from the risk pool on or before October 31. The risk pool board shall make its final decisions on or before December 15 regarding acceptance or rejection of the applications for assistance and the total amount accepted shall be considered obligated.

e. Basic eligibility for risk pool assistance requires that a county meet all of the following conditions:

(1) The county is in compliance with the requirements of [section 331.439](#).**

(2) The county levied the maximum amount allowed for the county’s services fund under [section 331.424A](#) for the fiscal year of application for risk pool assistance.

(3) In the fiscal year that commenced two years prior to the fiscal year of application, the county’s services fund ending balance under generally accepted accounting principles was equal to or less than twenty percent of the county’s actual gross expenditures for that fiscal year.

f. The board shall review the fiscal year-end financial records for all counties that are granted risk pool assistance. If the board determines a county's actual need for risk pool assistance was less than the amount of risk pool assistance granted to the county, the county shall refund the difference between the amount of assistance granted and the actual need. The county shall submit the refund within thirty days of receiving notice from the board. Refunds shall be credited to the risk pool. The mental health and disability services commission shall adopt rules pursuant to [chapter 17A](#) providing criteria for the purposes of this lettered paragraph and as necessary to implement the other provisions of [this subsection](#).

g. The board shall determine application requirements to ensure prudent use of risk pool assistance. The board may accept or reject an application for assistance in whole or in part. The decision of the board is final.

h. The total amount of risk pool assistance shall be limited to the amount available in the risk pool for a fiscal year. Any unobligated balance in the risk pool at the close of a fiscal year shall remain in the risk pool for distribution in the succeeding fiscal year.

i. Risk pool assistance shall only be made available to address one or more of the following circumstances:

(1) Continuing support for mandated services.

(2) Avoiding the need for reduction or elimination of critical services when the reduction or elimination places consumers' health or safety at risk.

(3) Avoiding the need for reduction or elimination of a mobile crisis team or other critical emergency services when the reduction or elimination places the public's health or safety at risk.

(4) Avoiding the need for reduction or elimination of the services or other support provided to entire disability populations.

(5) Avoiding the need for reduction or elimination of services or other support that maintain consumers in a community setting, creating a risk that the consumers would be placed in more restrictive, higher cost settings.

j. Subject to the amount available and obligated from the risk pool for a fiscal year, the department of human services shall annually calculate the amount of moneys due to eligible counties in accordance with the board's decisions and that amount is appropriated from the risk pool to the department for payment of the moneys due. The department shall authorize the issuance of warrants payable to the county treasurer for the amounts due and the warrants shall be issued on or before January 1.

k. On or before March 1 and September 1 of each fiscal year, the department of human services shall provide the risk pool board with a report of the financial condition of each funding source administered by the board. The report shall include but is not limited to an itemization of the funding source's balances, types and amount of revenues credited, and payees and payment amounts for the expenditures made from the funding source during the reporting period.

l. If the board has made its decisions but has determined that there are otherwise qualifying requests for risk pool assistance that are beyond the amount available in the risk pool fund for a fiscal year, the board shall compile a list of such requests and the supporting information for the requests. The list and information shall be submitted to the mental health and disability services commission, the department of human services, and the general assembly.

3. *Incentive pool.*

a. An incentive pool is created in the property tax relief fund. The incentive pool shall consist of the moneys credited to the incentive pool by law.

b. Moneys available in the incentive pool for a fiscal year shall be distributed to those counties that either meet or show progress toward meeting the purposes described in [section 331.439, subsection 1](#), paragraph "c".** The moneys received by a county from the incentive pool shall be used to build community capacity to support individuals covered by the county's management plan approved under [section 331.439](#),** in meeting such purposes.

[98 Acts, ch 1213, §8, 9; 2000 Acts, ch 1090, §4, 6; 2000 Acts, ch 1232, §2, 3, 9, 10; 2001 Acts, ch 155, §4–8, 11; 2002 Acts, ch 1050, §36; 2002 Acts, ch 1146, §20; 2003 Acts, ch 179, §1; 2004 Acts, ch 1090, §32; 2006 Acts, ch 1115, §11, 12; 2007 Acts, ch 218, §82, 89, 92; 2008 Acts, ch](#)

1043, §1 – 4; 2009 Acts, ch 182, §53; 2010 Acts, ch 1031, §389; 2012 Acts, ch 1019, §134, 135; 2014 Acts, ch 1026, §92, 93

Confirmation, see §2.32

*Section 331.440, implementing the central point of coordination process, is repealed; corrective legislation is pending

**Section 331.439 is repealed; corrective legislation is pending

Subsection 1, paragraph d, subparagraph (1), subparagraph divisions (a) and (b) amended

Subsection 2, paragraph a amended

426B.6 Future repeal. Repealed by .