Iowa General Assembly

2011 Committee Briefings

Legislative Services Agency – Legal Services Division http://www.legis.iowa.gov/Schedules/committee.aspx?CID=541

MENTAL HEALTH AND DISABILITY SERVICES STUDY COMMITTEE

Meeting Dates: December 19, 2011 | November 17, 2011 | October 24, 2011

Purpose. *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at http://www.legis.iowa.gov/index.aspx, or from the agency connected with the meeting or topic described.*

MENTAL HEALTH AND DISABILITY SERVICES STUDY COMMITTEE

December 19, 2011

Co-Chairperson: Senator Jack Hatch
Co-Chairperson: Representative Renee Schulte

Charge. The study committee was created by the Legislative Council with the following charge: Review publicly supported mental health and disability services (MH/DS). The study committee shall closely engage with, monitor, and propose legislation concerning the recommendations and proposals developed by the workgroups implemented by the Department of Human Services (DHS) and other bodies addressed by 2011 Iowa Acts, SF 525. The legislators serving on the interim committee and other interested legislators are authorized to participate in the meetings of the workgroups and subcommittees addressed by the legislation. In addition to the workgroup recommendations, the study committee shall address property tax issues, devise a means of ensuring the state maintains its funding commitments for the redesigned services system, recommend revisions in the requirements for mental health professionals who are engaged in the involuntary commitment and examination processes under Iowa Code chapter 229, recommend revisions to the Iowa Code chapter 230A amendments contained in SF 525 as necessary to conform with the system redesign proposed by the study committee, develop proposed legislation for amending Code references to mental retardation to instead refer to intellectual disabilities, and consider issues posed by the July 1, 2013, repeals of county disability services administration and funding provisions in 2011 Iowa Acts, SF 209. In addressing the repeal provisions, the study committee shall consider all funding sources for replacing the county authority to levy for adult disability services.

Background. DHS initiated seven workgroups to develop proposals and recommendations for the study committee for redesign of the services systems. Most of the workgroups met every other week from mid-August until the end of October. In addition, DHS held several public hearings in locations around the state. DHS submitted a preliminary report to the study committee on October 31, 2011, and a final report on December 9, 2011. Information concerning the workgroups is posted on this Internet page: http://www.dhs.state.ia.us/Partners/MHDSRedesign.html.

The workgroups that reported at the end of October are as follows:

- Adult Mental Health System Redesign Workgroup (MH)
- Best Practices and Program for Persons with Brain Injury Workgroup (BI)
- Adult Intellectual and Developmental Disability System Redesign Workgroup (ID-DD)
- Children's Disability Services Workgroup (Children)
- Regionalization Workgroup (Regional)
- Judicial Branch and DHS Workgroup (Judicial-DHS)
- Psychiatric Medical Institutions for Children (PMIC) Transition Workgroup

Overview. The primary focus of the meeting was the Iowa Mental Health and Disability Services Redesign interim report submitted to the study committee by DHS on October 31, 2011. One or more representatives of each workgroup described the workgroup membership, a summary of key recommendations, areas of consensus and opinion differences, and responded to questions. In addition, testimony concerning the redesign proposals was provided by representatives

of residential care facilities and members of the public. Each workgroup presented a short summary of its findings and recommendations that are posted on the study committee webpage along with the full interim report and other materials. The committee used the DHS final report as a base document in forming recommendations.

DHS Final Report. Mr. Charles Palmer, DHS Director, and Mr. Rick Shults, DHS Division Administrator, discussed the DHS written report and responded to questions. The DHS report emphasizes, clarifies, and deviates from various aspects of the interim report submitted to the committee in October 2011. In addition, the final report provides cost estimates and a phased-in financing plan to implement the redesign. The phase-in period begins with FY 2011-2012 and continues through FY 2016-2017. DHS supports nearly all of the interim report.

DHS emphasized three areas of redesign: Management and structure based upon regions governed primarily by county supervisors who will oversee administrative management and "backroom" functions (such as billings and payments); services, including basic services which are currently provided in most of the state and new critical core services to be phased in; and financing in which the state assumes responsibility for the nonfederal share of Medicaid services, which is currently a county responsibility, and for growth in costs and the new critical core services.

DHS Report—Management and Structure. As to the regional structure, DHS emphasized that property tax-related decisions should be made by elected officials but regions should have flexibility to involve consumers, family members, and service providers in other decisions. DHS deviated from the interim report in recommending flexibility for counties to use a "virtual" pooling approach rather than being required to actually mingle the county funds into one separate account. DHS should be allowed to grant waivers if the population criteria is unworkable for a particular grouping of counties. If a percentage cap on administrative costs is implemented, the definition of administrative functions should be revisited. Centralization of "backroom" functions should be encouraged.

County central point of coordination administrators would no longer perform the current administrative responsibilities but could continue to serve as the local access point for consumers and families and perform regional functions. Local financial responsibility would be determined based upon the service consumer's residency rather than the current county of legal settlement approach. There was significant discussion of residency issues, including whether county residency would shift to regional residency. The proposal also provides for consumer appeals of regional decisions involving eligibility and services to be resolved through the state administrative law process and for regions to utilize the same uniform cost-reporting and rate-setting process. DHS proposes to accelerate the formation period for regions outlined in the interim report so that counties must be part of a region by November 2012.

DHS Report—Services. The DHS proposal listed new expanded or critical core services and included a financing proposal to phase in the new services. Eligibility provisions were expanded upon to specify that certain diagnoses, in the absence of other diagnoses, should not be used for eligibility for adult MH services; if the federal Affordable Care Act is implemented, an increase from the proposed 150 percent of the federal poverty level (FPL) to 200 percent of FPL should be considered for income eligibility; implementation of certain functional assessment tools were recommended for various disabilities; continued exploration of expanding the Medicaid home-and community-based services waivers to address developmental disabilities other than intellectual disability; and allowing providers of non-Medicaid services to waive copayments under certain circumstances. The proposal also provides for new workgroups and other efforts to address outcome and performance measures and workforce development.

DHS Report—Financing. The proposal for financing is to redirect state funding that would otherwise be provided to counties for MH-DS in FY 2012-2013 to instead be used to increase appropriations for the state to assume responsibility for Medicaid costs that would otherwise be a county responsibility. Unless a change is made, the county responsibility for the nonfederal share of Medicaid in FY 2012-2013 is otherwise expected to be approximately $231 million. Implementing this proposal would allow counties to avoid applying large reductions in non-Medicaid services in order to maintain their Medicaid funding responsibilities. The net increase in General Fund of the state appropriations under this proposal after redirecting the funds that would otherwise be provided to counties would start with $42 million in FY 2012-2013, and cumulatively increase to $133 million in FY 2016-2017. The proposal incorporates an annual 3 percent increase in overall costs that would be borne by the state. Savings are assumed from opting into the federal Balancing Initiative Program and implementation of the federal Affordable Care Act.

DHS Report—Discussion. The projections in the DHS proposal do not include funding for service expansions other than those delineated in the proposal and there is member interest in clearing the waiting lists currently in effect for Medicaid waiver services and addressing the needs of underserved populations. Some members questioned the adequacy of resources for technical assistance to formation of regions, the speed of the time frame proposed for formation of regions, and whether requiring a region to have at least three counties is appropriate.

Property Tax—Financing Redesign. Legislative Services Agency (LSA) staff Mr. Jess Benson and Mr. Jeff Robinson, Fiscal Services Division, and Mr. Michael Duster and Mr. John Pollak, Legal Services Division, discussed a list developed by nonpartisan and partisan legislative staff of issues and considerations for addressing property taxation in a MH-DS redesign. Current law provides for repeal of the county service management and state and county funding provisions for these services on July 1, 2013, but retains the legal mandates for county funding of the services. The information provided scenarios for equalizing county property taxation for these services based upon school aid finance

concepts. Members noted that as a result of the current dollar caps on property tax levies for MH-DS, many urban counties or other counties with significant population growth since the mid-1990s are being subsidized by state tax funding. Members agreed any financing plan should include a local contribution of at least the current level of $122 to 125 million.

Recommendations. Initially, the committee began by approving individual recommendations addressed in the DHS final report. The committee was working from a spreadsheet that had compiled summary recommendation provisions from documents submitted by individual workgroups for presentations at the committee's November 2011 meeting. The committee approved a recommendation on page 6 of the DHS report that there be a definition of what is included in the legislatively proposed 5 percent cap on regional administrative costs. However, following party caucuses and the luncheon recess, the committee shifted course. Noting that the 22-page DHS final report had largely accepted the much lengthier 169-page interim report, it was proposed to direct staff to draft the elements of the combined reports in bill form, except where the committee approved changes.

There was extensive discussion of various elements of the reports. Many differences of opinion were resolved with expressions of intent to proceed with the DHS recommendation for the time being but to have further debate during the legislative process on the legislation drafted from the recommendations. The co-Chairpersons plan to request authorization from legislative leaders to proceed with a joint approach to consideration of the bill. The committee will also request authorization from leaders for the committee to meet to approve the proposed bill draft when it is completed, likely sometime in January 2012.

The changes made by the committee from the interim report as modified by the DHS final report, for purposes of bill drafting, include the following:

1. Do not include appropriation provisions.
2. Modify the proposal for DHS to be directed to review and make recommendations for what a sufficient funding level for non-Medicaid services and services to non-Medicaid eligible services should be in order to require the review to be performed in consultation with consumers, services providers, and counties/regions.
3. A statement on page 12 of the DHS report notes that the department's proposal does not include funding to eliminate Medicaid home-and community-based services waiver waiting lists because it is beyond the scope of SF 525. The committee approved a directive to DHS for a review of the current waiting lists in order to eliminate them. The directive was expanded to include development of a more equitable approach to managing the Medicaid waiting lists to address the situation where a person who receives waiver services in this state but who temporarily relocates to another state is then placed at the bottom of the waiting list upon returning to this state.
4. A requirement for each region to have a regional advisory committee to consist of consumers, service providers, and regional governing board members.
5. Regarding the Children's Services Workgroup, which is slated to continue deliberations during 2012, that the charge for the workgroup for 2012 is to submit a proposal for an integrated children's system involving child welfare, juvenile justice, children's mental health, education, and the usage of the health home approach. In addition, it was recommended that cost estimates be developed for the workgroup proposals.
6. Regarding the Brain Injury (BI) Workgroup, which also was authorized by SF 525 to continue deliberations in 2012 but had completed its report, that approval be given to the workgroup recommendation for continuing current BI services as core services, that the workgroup be asked to prioritize its recommendations for optimized, expanded, and new core services, and that DHS develop cost estimates for what is recommended.
7. Regarding the Judicial-DHS Workgroup recommendations, these recommendations will be drafted in a separate bill. In addition, it was recommended that cost estimates be developed for the recommendations.
8. That the proposal approved at the committee's October meeting to change Iowa Code references from the term "mental retardation" to "intellectual disability" and from the term "adult day care" to "adult living services," be included in the draft legislation.

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MENTAL HEALTH AND DISABILITY SERVICES STUDY COMMITTEE
November 17, 2011

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Overview. The primary focus of the meeting was the Iowa Mental Health and Disability Services Redesign interim report submitted to the Study Committee by DHS on October 31, 2011. One or more representatives of each workgroup described the workgroup membership, a summary of key recommendations, areas of consensus and opinion differences, and responded to questions. In addition, testimony concerning the redesign proposals was provided by representatives of residential care facilities and members of the public. Each workgroup presented a short summary of its findings and recommendations that are posted on the Study Committee webpage along with the full interim report and other materials.

Redesign Report Overview. Mr. Charles Palmer, DHS Director, and consultant Mr. Steve Day of the Technical Assistance Collaborative (TAC), provided an overview of the workgroup process used to develop the interim report. Workgroups met for 11 weeks beginning in August and ending in late October 2011. The short time frame was difficult but helped the process reach a beneficial conclusion. The observations offered included the following:

- Many of the current or "legacy" services have been offered for a long time and are of good quality. The redesign needs to maintain the positive attributes of the current services while transitioning to more modern, community-based services that are consistent with the principles outlined in the U.S. Supreme Court's Olmstead decision.
- The redesign should address three types of integration needs for the system as a whole: service and access to services, funding streams, and inside and outside the system.
- Significant service system gaps were identified in consumer access to housing, transportation, employment, and primary health care.
- A significant time frame of five years or more will be necessary to transition to a redesigned system in order to sequence decisions as to who is responsible and the investments needed.
- DHS is working to provide cost estimates for the recommendations for inclusion in the department's final report to be submitted by December 9, 2011.

Adult Mental Health Workgroup. Mr. Christopher Atchison, University of Iowa College of Public Health, chaired this workgroup along with Director Palmer. Several other workgroup members, including Dr. Michael Flaum, University of Iowa, Ms. Teresa Bomhoff, Mental Health Planning Council and other groups, and Mr. Patrick Schmitz, NW Iowa Community Mental Health Center, also responded to Study Committee questions. The presentations and discussion included the following points:

- An extensive list of recommended core services was provided. Core services should address the needs of persons with co-occurring disabilities and specialized needs. In a new regional structure each region will need to identify how to implement core services that are not yet generally available.
- In addition to income, age, and residency in the state, eligibility provisions should also include the use of a

standardized functional assessment tool.

- Outcome and performance requirements need continual attention and an ongoing committee should be designated for this purpose. In addition, DHS should be provided additional staffing resources.
- Workforce gaps are a serious problem and a permanent MH and Disability Workforce Development Group should be established to address the problem. A peer workforce should also be developed and integrated into the redesign.
- Scope of practice and professional licensing issues were discussed. The discussion noted parallels with the shortage of MH/DS providers and previous efforts to improve rural access to physical health services.
- In response to questions about the need for additional funding, Director Palmer suggested consideration of first investing in the Medicaid system funding shortfalls in order to avoid reductions in non-Medicaid services.

Brain Injury Workgroup. Mr. Jack Hackett, Iowa Health, chaired the workgroup. He was joined by workgroup members Mr. Geoffrey Lauer, Brain Injury Association of Iowa, Mr. Tom Brown, Community NeuroRehab, Mr. Ben Woodworth, Iowa Association of Community Providers, and Ms. Julie Dixon, On With Life, Inc. This workgroup will continue to meet and make additional recommendations. The presentations and discussion included the following points:

- The presenters sought to build understanding about brain injury, gaps in services, and specialized needs. Although the Medicaid Home and Community-Based Services (HCBS) Waiver for Brain Injury is the most significant funding source for services to this population, other Medicaid services are also provided.
- Currently available services and funding streams were designated as core services along with recommendations to optimize the current services with relatively low-cost, high-impact adjustments. In addition, a group of expanded core services and new core services were also specified. The full report provides information on difficulty of implementation, degree of impact, timeline considerations, and other information concerning each recommendation.
- Discussion covered the need to integrate this service population with other service populations while addressing the specific needs of this population, high cost of out-of-state placements, the growing needs of veterans of the conflicts in the Iraq and Afghanistan who have traumatic brain injuries, the need for training and education of service providers and the general population, and benefits of changing the current state brain injury advisory council to a commission.

Regionalization Workgroup. The regionalization workgroup was chaired by Ms. Mary Vavroch, retired Assistant Attorney General, and Director Palmer. They were joined in this presentation by Ms. Lori Elam, Scott County Central Point of Coordination (CPC) administrator. The presentation and discussion included the following points:

- Criteria for counties to utilize in forming regions, such as a general population of 200,000 to 700,000 persons, capacity to provide access to various services, and consisting of at least three contiguous counties. Each region should pool moneys and utilize a combined fund or "single checking account" approach for financing.
- A time frame for forming and implementing regions, including a voluntary period from January 2012 through June 30, 2013, provision for DHS to assign unaffiliated counties to a region after June 30, 2013, and full implementation by July 1, 2014. Early implementation regions would receive technical assistance from DHS.
- Regional governance through a governing board consisting of a county supervisor or designee from each county in the region and at least three consumer or family representatives. A majority of workgroup members supported a "one county-one vote" principle for governance but there were concerns regarding this approach from larger counties.
- The department and service providers would not be governing board members but instead, providers should be actively engaged in an advisory role. In discussion, it was noted that conflict of interest concerns formed the basis for the recommendation concerning providers.
- The definition of "resident" adopted by the MH/DS Commission should be utilized in the redesigned system and replace legal settlement as the basis for determining financial responsibility.
- The recommendations include a lengthy list of specific regional functions.
- Topics discussed included the need for a consistent consumer appeals process, maintaining local levies in system funding, integration of Medicaid and non-Medicaid services, role of the current county central point of coordination (CPC) staff in the new system, whether it would be appropriate to allow regions to provide more than the core set of services, and conflict of interest concerns.

Judicial/DHS Workgroup. This workgroup report was presented by workgroup co-chair, Mr. David Boyd, State Court Administrator, and Ms. Donna Richard-Langer, workgroup facilitator. Senate File 525 had required the workgroup to provide recommendations on specific topics. The recommendations and discussion included the following:

- Make improvements so that transportation is provided for the court committal process.
- Provide for precommitment screening in the civil commitment process.
- Instead of instituting a new 23-hour involuntary hold for persons who decline to be examined, change the current 48-hour hold provisions to be available 24-hours per day.

- Remove the definition of "qualified mental health professional" in Iowa Code chapter 229.
- Provide for mental health advocates to be state-administered and funded and make other changes to improve consistency.
- Implement jail diversion programs in each region, improve mental health training of law enforcement and corrections personnel, and implement mental health courts based upon various models. Concern was raised regarding the potential costs of these provisions.
- Revise training of magistrates and advocates to improve the consistency of services for persons who are court-ordered to a residential care facility (RCF) placement. Discussion centered on a recommendation for a court-ordered RCF placement to be contingent on notification and acceptance of the placement by the RCF.
- There was discussion about continuing this workgroup for another year.

Adult Intellectual and Development Disabilities (ID/DD) Workgroup. This workgroup report was presented by Mr. Robert Bacon, University of Iowa, and Mr. Rick Shults, DHS. The recommendations and discussion included the following:

- This workgroup also stressed the importance of addressing the needs of persons with co-occurring disabilities.
- Expand eligibility so that persons with DD are served in addition to persons with ID and use a standardized assessment tool to evaluate needs. Discussion on assessment addressed the need to have full-time specialists performing assessments as is done in most states.
- The core services recommendation focused on the need to maintain current services while new services that better support community integration are phased in. The recommendation includes adding services such as crisis prevention and housing supports that are not currently universally available.
- As with other workgroups, outcome and performance measures are addressed.
- The recommendations concerning provider qualifications and monitoring range from provider considerations to data collection.
- Workforce development recommendations range from making the College of Direct Support available at no charge to providers to changing reimbursement provisions to allow providers to bill workforce development costs as a direct expense rather than indirect cost.

Children's Disability Workgroup. This report was presented by Mr. Mark Peltan, psychologist with Mercy Medical Center, North Iowa, and Ms. Jennifer Vermeer, Medicaid Enterprise, DHS. It was noted that this workgroup will continue meeting during 2012. The report recommendations and discussion included the following:

- The workgroup spent considerable time in analyzing gaps in the current system, noting that there are not clear points of accountability or organizing entities nor clearly defined pathways into treatment. The services are disconnected and not coordinated. The extensive list of gaps also included deficits in meeting the needs of parents and parent substitutes.
- Recommendations included new and expanded core services in this state to replace or prevent the need for out-of-state services, building on a health home model for services, developing a short-term strategy to bring back children in out-of-state services, and instituting a systems of care framework. A detailed definition of the framework and a schematic of a possible health home model were provided. Currently, there are approximately 160 children in out-of-state placements, and another 450 children at risk of such placement.
- The core services identified range from intensive care coordination services and more flexibility in using psychiatric medical institution for children (PMIC) services. It was noted that the federal health care reform law will provide a 90 percent match to the health home models for a two year period and a pilot project is underway in Mason City involving 15-20 families.
- The discussion of outcome and performance measures noted that currently there is little sharing of data between the various systems providing services to children. In the current structure, counties do not have a role in children's services. The current primary systems are administered by the education system, physical health care providers, juvenile court officers, and DHS and there are many barriers and much duplication between the systems.

Residential Care Facilities (RCFs). Ms. Kathy Butler, Willow Heights, Atlantic, Iowa, and Ms. Diane Brecht, Penn Center, Delhi, Iowa, discussed the strengths of RCFs in the current system and concerns regarding the redesign recommendations. The presentation and discussion included the following:

- Many RCFs transitioned from county care facilities that once focused on the elderly and persons with ID/DD to a focus on persons with chronic mental illness. Of 1,419 current placements, 622 are court-ordered. Many RCFs provide the sub acute level of care that has been identified as a need in the system redesign.
- The majority of funding is provided through counties since RCFs are not typically funded through the Medicaid program. Some members observed that RCF is not itself a service but can be viewed instead as a residential setting in which services can be provided.
- The regulatory rules applicable to RCFs have not been revised in some time.

Public Comment. Public comment periods were provided in two different blocks. Written public comment submitted is posted on the Study Committee webpage. The comments included the following:

- Including service providers in workforce development efforts, addressing reimbursement disparity between in-state and out-of-state services to persons with brain injury, questions about ability to provide "conflict-free" case management, and support for providing the College of Direct Support at no charge.
- Maintaining a focus on Olmstead principles in implementing redesign will require attention to building community capacity and workforce development.
- Legislation is needed to clearly identify the system components, time frames, and funding provisions for the redesign and integration with the relevant federal health care reform law options available to the state.
- Giving attention to the service gaps in the children's disability systems.
- Personal stories about a grandmother's challenges in dealing with the current system regarding her grandson and a mother's difficulties in accessing services for an age 17 son.
- A caution about allowing too much time to transition from services such as sheltered workshops to more modern approaches such as supported employment.
- Suggestions for near-term changes in certain funding streams, immediate implementation of workforce development efforts and moving away from legal settlement, and other short-term system improvements.
- Suggestions for changes in definitions pertaining to licensed psychologists.
- Suggestions for maintaining the ability for providers to be flexible and innovative.

Next Steps. Legislative staff have been asked to begin identifying areas of apparent consensus that can be offered for consideration by the Study Committee. Other areas of Study Committee discussion included:

- What level of detail will need to be addressed in legislation?
- Can current law provisions dealing with similar provisions such as civil commitment and client advocacy be consolidated?
- While DHS develops initial cost estimates, Study Committee members should speak with their leaders concerning the funding commitment that will be needed for implementation of the redesign.
- Strong support was included in the recommendations for continuing county funding of mental health and disability services and law changes will be necessary to do so.
- Significant discussion is needed concerning funding, how local access points would operate, limiting service options to core services or allowing regions to go beyond, and consumer appeal provisions.
- A subcommittee on funding options may be identified.

Next Meeting. Members decided to change the next meeting date from Thursday, December 15, to Monday, December 19, 2011.

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Initial Meeting. At this meeting Senator Hatch and Representative Schulte were elected permanent co-chairpersons and received presentations concerning state and local budgets generally, adult MH/DS in particular, comparisons of Iowa nationally and with other states, school finance, and an update concerning the workgroups.

State Budget. Mr. Jeff Robinson and Mr. Dave Reynolds, LSA Fiscal Services Division, provided an overview on state finances for the current and succeeding fiscal years. For FY 2011-2012, current estimates project a State General Fund ending balance of $64.6 million after appropriations of just under $6 billion. For FY 2012-2013, absent any law changes, the preliminary base budget, including built-in expenditures of $286 million, is projected to be approximately $6.5 billion. Under the state's General Fund Expenditure Limitation law, there is projected to be $6.4 billion available for expenditure, resulting in a projected need to adjust the budget by approximately $116 million. In response to questions, it was noted that the adjustment needs for preliminary base budgets in recent fiscal years have typically been in the $220 million to $400 million range, with outliers in the $800 million to $1 billion range.

County Levy Authority. Mr. Michael Duster and Mr. John Pollak, LSA Legal Services Division, and Ms. Linda Hinton and Mr. Bill Peterson, Iowa State Association of Counties (ISAC), discussed county property tax levy authority. Mr. Duster provided a written presentation. The basic county levies are for rural services to residents in unincorporated areas of the county and general services for all county residents. Among counties, 97 of the 99 counties are levying for general services at the maximum amount of $3.50 per $1,000 in property valuation. If the basic levies are insufficient to meet the need, a county may certify a supplemental levy, request voter approval in a special levy election, or certify additions to the basic levy.

Supplemental levy authority allows a county to levy additional property taxes to pay for certain specific social services other than MH/DS, and other expenses such as election costs and employee benefits. A county may also ask voter approval for other additions to the basic levies for a specified period of years and rate of taxation.

If unusual circumstances exist such as unusual increase in population, a natural disaster or other emergency, or reduced or unusually low growth in the property tax base, a county may certify other additions to the basic levies.

In discussion, it was suggested that if the General Assembly does not enact provisions to replace the county levy authority for MH/DS, state property tax relief and growth funding provisions, and service management provisions that under current law are repealed on July 1, 2013, (2011 Iowa Acts, S.F. 209), while maintaining the legal mandates for counties to provide adult MH/DS, then counties will likely look to the authority for additions to the basic levies in order to comply with the service mandates. For the period beginning in 1996 until the repeals take effect, counties remain subject to the overall dollar amount levy limit of approximately $125 million (other levy limitations are expressed as a dollar amount per $1,000 in property valuation and can rise and fall with changes in property valuation). The policy objective for the 1996 state reforms which limited the levies was for the state to assume all of the growth in expenditures.

County, State, and Federal Expenditures for Publicly Funded Adult MH/DS. Mr. Charles Palmer and Ms. Sally Titus, DHS, and Ms. Linda Hinton, ISAC, discussed materials prepared by DHS concerning the expenditures. In FY 2009-2010, the combined expenditures amounted to approximately $1 billion, provided by the federal (60.6 percent), state (28.9 percent), and county (10.5 percent) governments. Other factors discussed include:

- Of the $1 billion in expenditures: approximately 69 percent is for services to persons with intellectual or developmental disabilities, 29 percent is for services to person with mental illness or chronic mental illness, and 2 percent for services to persons with brain injury.
- Over the past several years, the increases in Medicaid expenditures for these populations have exceeded the growth in state revenues appropriated for counties. The federal stimulus funding over the past three years covered much of the growth need. However, that funding is no longer available, plus the federal Medicaid match rate has been reduced for Iowa, accelerating the need for additional Medicaid funding.
- Consequently, unless significant new funding is provided to counties, it is projected that funding available for non-Medicaid services, primarily for persons with mental illness or chronic mental illness, will be reduced by

approximately $9.5 million in the current fiscal year and by approximately $56 million in FY 2011-2012.

- Due to the overall dollar limitation on county levies since 1996, the proportion of state funding in the system has steadily increased since that time. In discussion it was clarified that because the funding utilized by counties is a blend of federal, state, and county sources, that funding may be termed as "county controlled" funding rather than "county funding."
- In response to a question as to whether there are unutilized opportunities to draw more federal funding for services to these populations, it was clarified that while services for developmental disabilities other than intellectual disability could be considered, services for the DD population are not currently mandated and so could be considered an expansion of costs rather than savings.

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

TAC—ID-DD Services. Ms. Bradley explained that Medicaid home- and community-based services waivers represent the dominant funding source for persons with ID-DD and accounts for 75 percent of all waiver spending. Her observations concerning services for persons with ID-DD included the following:

- Iowa has a much higher percentage of individuals served in large residential settings than the national average.
- Iowa's percentage of Medicaid funding for services to persons in an intermediate care facility for persons with mental retardation (ICF/MR) is higher than the national average and the proportion of spending for persons on waiver services is lower. However, the percentage of Medicaid recipients on the waiver is close to the national average.

TAC—Adult MH Services. Mr. Martone compared Iowa's MH services system administrative structure and funding to other states based on NASMHPD data. His observations included the following:

- Iowa's per capita funding for adult MH services was approximately $136 per capita as compared to the national average of $129 per capita.
- Iowa's rate of placement of residents in a state mental health institute of 6.8 residents per 100,000 population is much lower than the national average of 18 residents per 100,000 population. In discussion it was suggested that the lower rate may be due to recent state budget reductions and resultant closing of beds and that the lack of psychiatric beds in community settings has resulted in the institutes filling the need for short-term acute treatment.
- In national prevalence data, 25 percent of the general population will have a diagnosable mental illness during the course of a year and 6 percent will have a serious mental illness, suggesting that Iowa's "penetration" rate for service provision appears to be low.

TAC—Children's MH Services. Mr. Day explained that children's services do not have data systems comparable to those for the adult systems and are very complex. His presentation materials provided many detailed state-specific examples but his presentation was shortened due to time considerations. His observations concerning children's systems included the following:

- Effective children's systems should have the following: multiple funding streams, active participation by parents and families both as primary caregivers and prevention agents, and single points of accountability to ensure the funding streams and service providers are working together.
- Reorganization of systems does not necessarily lead to positive results, the focus should be to ensure the pieces of a system work together.
- There are examples of state-only administered systems, county-based systems with local levies, county-based integrated managed care with state funds, and statewide, full-risk managed care. The majority of state systems have some county or other means of providing local involvement.

School Aid Formula Funding. Mr. Shawn Snyder, LSA Fiscal Services Division, and Mr. Michael Duster, LSA Legal Services Division, were asked to provide an overview of the school aid formula, as it provides a system for shared state and local funding of designated services. The concepts discussed include the following:

- The formula is driven by the number of pupils, with extra weighting provided in the pupil count for children with special education needs or other special circumstances.
- The state cost per pupil and the district cost per pupil, adjusted by the rate of allowable growth established in law by the General Assembly, are to determine a foundation level, which based upon additional calculations, is used to determine how much state aid is provided to a school district and how much the school district is authorized to levy in property tax.

- Currently, the state foundation aid is calculated at 87.5 percent of the total of the state cost per pupil. The uniform local school district levy of $5.40 per $1,000 of property valuation is applied to go as far as possible toward funding the foundation aid amount and state appropriations fund any shortfall. A school district then certifies an additional levy to fund the remaining 12.5 percent.
- The additional levy rate for lower property valuation school districts is higher than for school districts with higher property valuations.
- In addition, school districts may levy an income surtax at a maximum rate of 20 percent for certain purposes and approximately 83 percent of school districts apply the surtax at various rates. The income surtax for schools is an itemized state income tax deduction so that it has the effect of reducing state General Fund revenues.
- In general, the additional levy rate for school districts with low property valuations is higher than for school districts with high property valuations.

Update on Workgroups. DHS Director Palmer provided an update on the six workgroups listed in the background § of this briefing. He noted that with the unusually late adjournment of the General Assembly, the time period for the workgroup process has been quite compressed. Over 200 persons volunteered, and approximately 100 persons have been participating with subject matter expertise, both rural and urban backgrounds, and representation for consumers, parents, and advocates. The recommendations will be forwarded to the Study Committee on October 31 but opportunity for additional input by workgroup members will be provided so that adjustments are likely by the time the recommendations are formally presented at the Study Committee's November meeting. Most recommendations are the result of consensus or workgroup majority. Some of the written reports may be lengthy in order to capture the context for the recommendations. Director Palmer's observations included the following:

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

Member Discussion. The items discussed by the Study Committee members include the following:

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

Public Comment. The Study Committee received public comment on the need to check information provided concerning ICF/MR rates and the rate of utilization of RCFs with 16 beds or more, information on the Prairie View RCF in Fayette, and from ISAC clarifying views of counties. Members requested additional information concerning RCFs.

Future Meetings. The next meetings of the Study Committee are scheduled for Thursday, November 17, 2011, at 8:30 a.m. and for Thursday, December 15, 2011, at 10:00 a.m. in the Miller Building at the Capitol Complex.

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