



MENTAL HEALTH AND DISABILITY SERVICES REGIONAL SYSTEM ANNUAL REPORT

JUNE 2025



Mental Health and Disability Services Regional System Annual Report

This report is submitted pursuant to Iowa Code Section 225C.69, which provides that beginning with the fiscal year beginning July 1, 2023, the department shall deliver on an annual basis a report to the general assembly that provides a summary of the status of implementing core services in each region, the accessibility of core services- in each region, how each region is using the funding provided under section 225C.7A, and recommendations for improvements to the mental health and disability services system in order to attain the outcome improvement goals set by the department consistent with the goals specified in the performance-based contracts under section 225C.7A, subsection 2, paragraph “c”, subparagraph (5).

FISCAL YEAR 2025: JULY 1, 2024 TO JUNE 30, 2025

Mental Health and Disability Services (MHDS) regions are funded by an appropriation to Iowa’s Department of Health and Human Services (HHS). HHS is required to execute performance-based contracts with the MHDS regions, distribute funds to MHDS regions on a per capita basis and deliver an annual report to the general assembly.

On May 15, 2024, Iowa Governor Kim Reynolds signed HF 2673 into law. The new law aims to improve access to behavioral health prevention, early intervention, treatment, recovery and crisis services in Iowa. It also addresses a distinct focus on disability services, which has historically lacked consistency and clear access points for people with disabilities and their families.

The law eliminates the MHDS regions, substance use service areas, and tobacco community partnership areas. In their place a new behavioral health service system will be administered by Iowa HHS leveraging a Behavioral Health Administrative Service Organization (BH-ASO) to support and strengthen providers and partners across seven behavioral health districts. Districts are organized based on geography and data reflecting need, access, and risk at the county level. District organization helps inform funding allocation to focus investments to impact high need areas. The BH-ASO will support local service providers in ensuring access to a continuum of behavioral health services and supports for individuals, families and communities by connecting people with the care and support they need to be healthy and well.

CORE SERVICE STATUS

Access to core services for adults and children are required for each MHDS region. Overall, MHDS Regions self-report significant compliance with core service requirements. However, full statewide implementation has not been achieved. While the initial core services are widely available, the implementation of new services and expansion of existing services has been slow and remains incomplete, resulting in inconsistency in the availability and accessibility of services throughout the state.

REGIONAL USE OF FUNDING

Under the current organizational structure of Iowa's MHDS regions, decision making for the investment of state appropriations is made at the local level. This organizational structure has led to a lack of oversight in expenditures of state taxpayer dollars within each MHDS region. During the first quarter of 2025, Iowa HHS was able to review all FY24 MHDS regional expenditures at the line-item level. HHS was able to confirm key themes but also identify new areas where funding can be utilized more efficiently in the new system. Concerns with regional spending include but are not limited to supporting non-evidence-based practices, and duplicate and/or supplanted expenditures that otherwise could have been covered by Medicaid.

RECOMMENDATIONS

During FY25, Iowa HHS collaborated with stakeholders to develop a behavioral health service system guided by a statewide plan, focused on ensuring equitable access to a full continuum of prevention, treatment, recovery, and crisis care. This work has included coordination with MHDS Regions to wind down their operations and to ensure continuity of care for individuals throughout the system transition. Iowa HHS will continue to oversee close out activities of each region to ensure that funds are used appropriately, and unused dollars are returned to the behavioral health fund as required by law.

Iowa's new Behavioral Health Service System will deliver:

- A well-coordinated system with clear access points
- Access to services and supports no matter where Iowans live
- Reduced system redundancies by linking federal, state, and local governance and authority
- Eliminate administrative red-tape and duplicative efforts
- Funding tied to measurable outcomes