Iowa Department of Human Services

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Iowa Mental Health and Disability Services Commission

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January 2013

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COMBINED ANNUAL AND BIENNIAL REPORT OF THE IOWA MENTAL HEALTH AND DISABILITY SERVICES COMMISSION

This Annual Report of the Iowa Mental Health and Disability Services (MHDS) Commission is being submitted pursuant to Iowa Code § 225C.6(1)(h). The report is organized in three sections: (1) an overview of the activities of the Commission during 2012, (2) recommendations formulated by the Commission for changes in Iowa law, and (3) an evaluation of the extent to which services to persons with disabilities are actually available to persons in each county in the state and the quality of those services, and the effectiveness of the services being provided by disability service providers in this state and by each of the State Mental Health Institutes established under Chapter 226 of the Iowa Code and by each of the State Resource Centers established under Chapter 222 of the Iowa Code.

PART 1:

OVERVIEW OF COMMISSION ACTIVITIES DURING 2012

Meetings. The Commission held twelve meetings in 2012, including a two-day retreat and two joint meetings with the Iowa Mental Health Planning and Advisory Council. Meeting agendas, minutes, and other information are

distributed monthly to an email list of over 250 interested persons and organizations and made available to the public on the Iowa Department of Human Services website. Commission meetings and minutes serve as an important source of public information on current mental health and disability services issues in Iowa; most meetings are attended by 20 to 25 guests in addition to Commission members and DHS staff.

Officers. In May, Jack Willey (Maquoketa) was re-elected Chair of the Commission, and Susan Koch-Seehase (Sumner) was elected Vice-Chair.

Membership. In May, four new appointees joined the Commission: Jill Davisson (Grand Mound) was appointed as a county board of supervisors representative; Deb Schildroth (Ames) and Suzanne Watson (Council Bluffs) were appointed as Central Point of Coordination administrator representatives; Patrick Schmitz (Kingsley) was appointed as a community mental health center representative. Neil Broderick (West Des Moines) was reappointed to serve a second term. Jan Heikes (Decorah), Cindy Kaestner (Newhall), Linda Langston (Cedar Rapids), and Craig Wood (Cedar Rapids) completed their membership terms in April.

Commission Duties and Responsibilities. The enactment of Senate File 2315 changed and clarified the duties and responsibilities of the MHDS Commission in several significant ways. The legislation recognized the Commission as the rulemaking body for MHDS and a consulting body for policy making and oversight for DHS. Commission duties have been updated to align with the redesigned MHDS services system and include:

<u>Receiving information</u> from DHS on trends in the services system, with a focus around outcomes and performance measures for people, including independent living, integrated living, employment, and utilization of the most restrictive services.

<u>Adopting administrative rules:</u>

- Implementing the provisions of the Mental Health and Disability Services Redesign Transition Fund
- Relating to the criteria for the Director's evaluation of an application for county exemption from regionalization
- Relating to disability programs and services, including requirements for the development of regional management plans and plan format, and reporting expenditures
- Specifying provisions for the Director's approval of management plans, plan amendments, and other requirements for regions, including standards that define regional administrative costs and the methodology for calculating a region's administrative load
- Providing any additional definitions needed for core services or additional core service items such as subacute care services and crisis stabilization services

<u>Approving annual plan updates</u> and making recommendations to the Director regarding the approval of regional system management plans.

<u>Adopting standards:</u>

- Based on Department recommendations to identify basic financial eligibility standards for the disability services provided by an MHDS region, including resource limits
- For designated community mental health centers and comprehensive community mental health programs

Approving any substantial departure from Joint Commission accreditation standards that the Division recommends based on sound reasons.

Consulting with the Department/Director on:

- The adoption of functional assessment tools to make consistent decisions about what services people are to receive
- Making the determination that a region is in compliance and may commence partial or full operations prior to July 2014
- The criteria for granting of Director's waivers from the minimum number of counties in a region
- Service cost estimates prior to the completion of the Department's budget estimate to determine and include in the estimate an amount to address the increase in the costs of providing services that should be appropriated to the fund for the succeeding fiscal year

Making recommendations to the Director regarding service plan management and how to address increases for the cost of providing services in the budgetary planning process

Recommending a Growth Funding Amount for non-Medicaid expenditures to the Department, the Council on Human Services, and the Governor annually by July 15

Revising data collection by working with the Department to consider the elimination or revision of data collected

Administrative Rules. The Commission has worked closely with the Division of Mental Health and Disability Services as they have developed new administrative rules to implement redesign legislation. In August, the Commission adopted emergency rules for the Mental Health and Disability Services Redesign Transition Fund, IAC chapter 441.23, as submitted, pending approval of the Administrative Rules Committee, and adopted the rules for the Mental Health and Disability Services Redesign Transition Fund, IAC chapter 441.23, as submitted, by filing the notice of intended action, pending approval of the Administrative Rules Committee. The Commission also approved rules for establishing criteria to exempt a county from joining into a MHDS region at a special meeting on January 3, 2013, and will continue to work with the Department as the rules development process progresses.

County Plan Review. In July, the Commission heard a report on all county management plan changes requested since April 2009, and reviewed two proposed amendments to the Page County Management Plan. Citing overly broad language, the Commission recommended against approval by a vote of 4 to 11, and asked for one of the amendments to be redrafted and resubmitted. In August, Page County presented the modified amendments and the Commission voted to recommend that the Director approve the changes, which: (1) clarified that "services funded by Page County are subject to change or termination with the development of the county MH/DD budget each fiscal year for the period of July 1 to June 30," and (2) limited funding for Vocational Services by the county for "up to 3 full days per week, depending on the individuals current work schedule."

In September, the Commission reviewed extensive proposed amendments to the Des Moines County Management Plan. After a lengthy discussion, they recommended against approval on a vote of 5 to 10. Commission members expressed their appreciation for the county's attempts to take a reasoned approach to proposing service cuts, but still voiced serious concerns that the impact on individual consumers that did not seem to be fully addressed. They also noted that the County and State had different perspectives on the urgency of the financial situation. The Director agreed with that recommendation and entered into conversations with Des Moines County to more closely examine the county's financial situation and obligations, as well as offering to bring in an independent perspective.

Allowed Growth/Service Cost Increase Recommendation. Recent Legislative changes in State/County funding formulas have eliminated the need for the Commission's annual Allowed Growth Factor Recommendation. Senate File 2315, however, gave the Commission a valuable opportunity to offer consultation to Director Palmer on an amount of funding needed to address the increase in costs of providing services to the new Mental Health and Disability Services regional system for the next fiscal year. We appreciate this opportunity for timely input into the Department's budget process, and yet, especially in this transition year, it was an incredibly daunting task. The substance of the Commission's recommendation made to the Director in August was as follows:

> *As you know, we are a diverse body and our members often hold different points of view, but we are all in agreement that we want to do everything we can to ensure that adequate funding is available to Iowa's mental health and disability services system during this transitional period to avoid placing people on waiting lists or cutting services that Iowans have come to rely on. We also do not want to see programs and services dismantled that will need to be rebuilt to achieve the core service goals of the redesigned system. For these reasons, and despite the many critical factors that are unknown at this time, we are recommending to you a 4% cost increase for Fiscal Year 2014, and in accordance with Iowa's biennial budget process, we are recommending a 6% cost increase for Fiscal Year 2015.*
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> *Key decisions affecting system costs and funding, including whether Iowa will participate in Medicaid expansion, have yet to be made, and in many areas the data needed to answer our questions is simply not available to us at this time, so in making our recommendation, we want to share with you the policy assumptions, cost factors, and unknowns we considered.*
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> *Policy Assumptions:*
> - *The State has assumed responsibility for the full non-federal share of Medicaid costs.*
> - *Both the cost and utilization of the Medicaid program will continue to grow, which will require additional state funding.*
> - *Regions and counties will continue to fund non-Medicaid services.*
> - *Residency will replace legal settlement.*
> - *County property tax dollars will continue to fund the system at a new per capita rate.*
> - *The $12.5 million currently available through the State Payment Program will continue to be available to the system in some form.*
>
> *Cost Factor Considerations:*
> - *Waiting lists and service cuts in county funded services are a major and immediate concern.*
> - *Inflation and rising costs are a factor.*
> - *New clients entering the system and the changing needs of clients currently in the system are likely to increase costs.*
> - *Increased costs associated with establishing standardized core services statewide are anticipated.*
> - *Potential provider rate increases may need to be considered.*

Unknown Factors:

- *The FY14 per capita rate county property tax levy is untested for adequacy.*
- *The impact of the change from legal settlement to residency in FY14 is uncertain.*
- *The cost of implementing core services statewide may require investment.*
- *Iowa's decision on implementation of Medicaid expansion, which could offset some of the costs otherwise paid by the Regional Services Fund.*
- *The cost of serving new clients entering the system is unclear, with or without the implementation of Medicaid expansion.*

Coordination with Other Statewide Organizations. The Commission held two joint meetings with the members of the Iowa Mental Health Planning and Advisory Council, and the two groups regularly shared information throughout the year. Mental Health Planning and Advisory Council Chair, Teresa Bomhoff, regularly attends Commission meetings, reports on MHPAC activities and relays information between the Commission and the Council. In May, Executive Director Becky Harker presented an update on the activities and goals of the Iowa Developmental Disabilities (DD) Council.

Committee Work. Four committees were formed during 2012 to work on specific projects:

- Transition/Funding Committee – met with MHDS staff and contributed input and feedback on the development of the Mental Health and Disability Services Redesign Transition Fund administrative rules.
- Regional Committee – met with MHDS staff and contributed input and feedback on the development of the administrative rules for Establishing Criteria for County Exemption from Joining into Regions and for Forming Regions of Less than Three Counties.
- Cost Increase Estimate Committee – developed the recommendations to Director Palmer on an amount of funding needed to address the increase in costs of providing services to the new Mental Health and Disability Regional Services Fund for the next fiscal year.
- Legislative Priorities Committee - developed the recommendations for changes to Iowa law contained in Part 2 of this report.

REPORTS AND INFORMATIONAL PRESENTATIONS

During 2012, the Commission received numerous reports and presentations on issues of significance in understanding the status of services in Iowa and recognizing promising practices for planning and systems change, including:

Change Agent Training with Dr. Christine Cline. In January, Commission members participated in a web-based discussion of ideas and strategies that can be utilized in the process of system transformation to improve systems and services for adults, children, and families with complex behavioral health, health, and human service needs.

Health Homes/Systems of Care. In February, Laura Larkin of MHDS, presented to the Commission on the concept of health homes and systems of care. She shared information on the subject created by the Iowa Medicaid Enterprise and talked about two children's systems of care projects, the Community Circle of Care (CCC) covering ten counties in northeast Iowa and the Central Iowa System of Care operating in Polk and Warren Counties. She also reported that a third project was under development in Linn and Cerro Gordo Counties. The Children's Services Redesign Workgroup has recommended that Iowa establish a statewide children's system of care that includes four critical components:

1. No wrong door – a centralized access point for information, services, supports, assessment, and evaluation that families can easily recognize when they look for assistance.

2. Individualized service planning – family and youth-driven planning and care coordination that involves children in the process and supports them in leading the planning for what they need.
3. Coordinated community-based supports – a coordinated network of flexible community-based supports and options for more than one provider whenever possible.
4. Flexible funding – to help families access services and supports that aren't available through Medicaid, private insurance, or other commonly utilized funding sources.

DHS Implementation Report regarding the Mental Health Services System for Children, Youth, and their Families. The Commission also received the DHS Implementation Report regarding the Mental Health Services System for Children, Youth, and their Families, presented to Legislature in January 2012, which includes information about service gaps that have been identified through workgroup activities.

Balancing Incentives Payment Program. In March, the Commission heard the first of several reports on the Balancing Incentives Payment Program (BIPP), a federal grant opportunity through the Center for Medicare and Medicaid (CMS) to assist participating states in balancing their spending of public Medicaid long term services and supports funds between community-based and facility-based services. The Commission voted unanimously to write a letter of support for Iowa's application. IME, MHDS, and IDA (Iowa Department on Aging) are working together on the effort. In June, Iowa Medicaid Enterprise (IME) representatives, Deb Johnson, Bureau Chief for Long Term Care, and Liz Matney, Quality Assurance, made a more in-depth presentation on BIPP and the approval of Iowa's application to participate in the program. BIPP requires a system that utilizes a single entry point/no wrong door concept, standardized assessments, and conflict-free case management, which are all consistent with the goals of MHDS Redesign.

Emergency Disaster Grant. In April, Karen Hyatt of the MHDS Division reported to the Commission on the Emergency Disaster Grant Iowa received from FEMA (Federal Emergency Management Agency) for flooding experienced in the western Iowa counties of Fremont, Harrison, Mills, Monona, and Pottawattamie to provide on-going mental health support and assistance to people who have been affected in those areas.

Employment Initiatives. Also in April, the Commission heard updates on employment initiatives targeting people with disabilities in Iowa. Iowa has contracted with the State Employment Leadership Network (SELN), which is associated with NASDDDS (National Association of State Directors of Developmental Disability Services) to facilitate work on getting more people in our state into competitive employment. There is a multi-agency effort including participants representing Iowa Vocational Rehabilitation Services, the Iowa DD Council, the Center for Disabilities and Development, MHDS, Iowa Medicaid Enterprise, Iowa Workforce Development, the Iowa Department for the Blind, and service providers.

Family Navigators. Also in April, the Commission heard an update on the Family Support 360 grant, which has been used to provide training to new family navigators and peers who were already working as family navigators. Federal funding for the program was withdrawn early and the focus was changed to sustaining support coordination and training for the navigators so they can continue to engage in family support work through their various agencies and organizations.

Legislative Panel Discussion. In May, State Representatives Dave Heaton, Lisa Heddens, and Renee Schulte each shared their perspective on the mental health redesign legislation and the legislative session, answered questions, and discussed the implementation of new and continued redesign workgroups and their expectations for the future of the Mental Health and Disability Services

system in Iowa. Our ex-officio members, also including Senator Jack Hatch, have been actively engaged with Commission activities and facilitated our access to information about legislative activities.

Building Health Homes for Iowa Medicaid Members. In June, Jennifer Vermeer, Director of the Iowa Medicaid Enterprise, shared a presentation on Medicaid Health Homes beginning July 1, 2012 that will integrate physical health and mental health issues, focusing on care coordination for people with chronic health conditions such as diabetes, asthma, and serious mental illness. She reported that serious health issues impact about 5% of Medicaid members but those members account for 48% of total Medicaid expenditures not including long term care expenditures. Iowa will receive 90% FMAP (Federal Medical Assistance Percentage) for 2 years (up from our typical rate of 60%) for offering Health Home services in our state plan for people with chronic and severe health conditions.

CPC Perspectives. In August, three Central Point of Coordination administrators, Mike Johannsen, from Muscatine County, Mechelle Dhondt, from Linn County, and Sarah Kaufman, from Henry County shared their perspectives on service changes with the Commission. They talked about what they have done in their counties to address budget constraints, make more effective and efficient use of the funds available, and encourage movement from facility-based to more integrated, and cost effective community-based services that also offer more choice for consumers and families. They encouraged using the current challenges in funding as an opportunity to think differently about how services could be delivered, to use funding in ways that incent desired change, and to utilize short term funding to support the transition to more modern cost-effective delivery models.

Subacute Care Facility Services. In September, Rick Shults reported that DHS will be working in cooperation with the Iowa Department of Inspections and Appeals on developing administrative rules for subacute care facilities for persons with serious mental illness. He also discussed some of the specific legislative expectations for subacute facility-based services. DHS and DIA will work together to develop rules covering the nature of the provision of subacute facility-based services, the framework for what facilities will look like, and how facilities will be inspected.

PROFESSIONAL DEVELOPMENT ACTIVITIES

Ethical Considerations. A major portion of the Commission's annual two-day retreat in May focused on training and development. In addition to a thorough review of updated Commission duties and responsibilities, Assistant Attorney General Gretchen Kraemer presented a review of Iowa's open meetings requirements, and discussed conflict of interest and ethical considerations for Commission membership.

The Administrative Rulemaking Process. Also in May, Harry Rossander and Mary Ellen Imlau, DHS Policy Analysis and Coordination, presented an overview of the Department of Human Services administrative rulemaking process that includes the Commission in anticipation of our revised rulemaking responsibilities related to various aspects of MHDS redesign.

Coordination with MHDS. DHS Director Chuck Palmer, MHDS Division Administrator Rick Shults, Community Services and Planning Bureau Chief Theresa Armstrong, along with the staff of the Division of Mental Health and Disability Services have actively participated in Commission meetings throughout the year, communicated regularly, provided timely and useful information, and been responsive to questions and requests from Commission members. They have provided or coordinated reports and updates to the Commission on a variety of issues and initiatives, notably including:

- Human Services Appropriations
- DHS budget, staffing, and services

- DHS facilities operations
- Crisis Stabilization Services
- Out of State Placements
- The Iowa MDHS Olmstead Plan
- Office of Consumer Affairs (OCA)
- Information & Referral Services
- Pre-Admission Screening and Resident Review (PASRR)
- Coordination with the Iowa Department of Public Health
- Coordination with the Iowa Department of Inspections and Appeals
- Implementation of The Affordable Care Act
- System, County, and State Funding
- Mental Health Community Services Block Grant
- Mental Health workforce issues
- Disaster Behavioral Health Response Teams (DBHRT)
- Mental Health First Aid Training
- Disaster Mental Health Services
- Legislative Session Reports
- Community Mental Health Center contracts

The majority of focus during our 2012 meetings has been on Mental Health and Disability Services Redesign. A major portion of each of our Commission meetings has been devoted to updates on redesign legislation, workgroups, and other activities, including:

Mental Health and Disability Services Redesign Legislation and Workgroups. For a second year, the Commission has closely followed the development and passage of several pieces of mental health and disability services redesign legislation and the subsequent workgroup process throughout the year. MHDS staff provided regular updates on the activities of each workgroup. Three of our four legislative members and four of our 18 voting members served as workgroup members:

- Transition Committee – Patrick Schmitz, Jack Willey, Senator Jack Hatch, Representative Dave Heaton, Representative Lisa Heddens
- Service System Data and Statistical Information Workgroup – Susan Koch-Seehase
- Outcomes and Performance Measures Committee – Chris Hoffman, Senator Jack Hatch
- Judicial Branch and DHS Workgroup - Deb Schildroth
- Children's Disability Services Workgroup – Representative Lisa Heddens

County Technical Assistance Activities. Starting in July, the Commission received regular updates from the MHDS Division on county technical assistance activities related to financial and regionalization issues and transition activities. The information shared helped inform the Commission's development of a cost increase estimate recommendation, and serve as background for our input on the development of administrative rules for transition funds and county exemption from regionalization.

Transition Fund Report. In December, Rick Shults presented a detailed summary of the Transition Fund Report prepared by DHS for the Legislature, explaining the principles, analysis process, and basis DHS used for the development of its recommendations and outlining three funding scenarios for the Legislature to consider. The Commission supported the principles DHS used in reaching its conclusion to recommend scenario three, which calls for the smallest amount of transition funding ($1.5 million), but disagreed with the recommendation itself. In the interest of prioritizing the immediate needs of consumers and ensuring that July 1 service levels remain available and accessible to

consumers, the members of the Commission support recommending an appropriation of no less than $11.6 million, the funding amount called for under scenario one.

PART 2:

2013 RECOMMENDATIONS FOR CHANGES IN IOWA LAW

For more than two years the Iowa General Assembly has worked with state agencies and stakeholders throughout the State to develop a redesigned and comprehensive system of mental health and disability services that is consistent with the principles and goals of the Olmstead Supreme Court Decision and The Iowa Department of Human Services Olmstead Plan. Major pieces of policy legislation were enacted in 2012; funding to support implementation of the redesigned system is a priority for the 2013 session. Mental health and disability services in many areas of the State are facing an immediate and serious funding crisis. It is critical that as Iowa shifts from legal settlement to residency and a new per capita levy rate formula, Iowans are protected from cuts in needed services and supports. Our recommendations fall under three main priority areas: Implementation of System Redesign, Appropriate and Stable Funding, and Workforce Capacity.

1. Continue Implementation of System Redesign

Move forward with implementation of a comprehensive system of mental health and disability services that is consistent with the principles and goals of the Olmstead Supreme Court Decision and the Iowa DHS Olmstead Plan.

- Provide guidance and technical assistance to regions and providers throughout the transition
- Take advantage of opportunities associated with the Patient Protection and Affordable Care Act to strengthen service capacity
- Pursue changes to Iowa Code Chapters 125, 222, and 229 recommended by the Judicial Workgroup to streamline Iowa's commitment laws
- Establish consistent statewide access to pre-commitment screenings
- Address statewide transportation for commitments
- Provide consistent alternatives to commitment statewide, including:
  - Statewide access to crisis stabilization services and sub-acute care beds
  - Statewide access to Assertive Community Treatment
  - Statewide access to jail diversion programs and mental health or special needs courts
- Ensure that revisions to Iowa Code Chapter 230A support the intended legislative goals of strengthening the existing safety net of community mental health services and providers and are compatible with full implementation of the service provisions of the Patient Protection and Affordable Care Act
- Emphasize the ability of all providers to support co-occurring or multi-occurring disorders for all populations, including individuals with developmental disabilities or brain injuries
- Establish a system transformation timeline with measurable short and long term goals and objectives

2. Provide Appropriate and Stable Funding

Adopt a stable funding structure for mental health and disability services that is appropriate to enhance the current level of services in the short term, that supports goals for completing system redesign within five to seven years, and that strengthens the system and supports growth over time.

- *Maximize the use of available CHIP (Children's Health Insurance Program) funds and/or appropriate other State funding to:*
    - Provide sufficient and appropriate funding to support counties in the transition to regional management
    - Provide sufficient and appropriate funding to support counties in the transition from legal settlement eligibility to residency eligibility
    - Provide sufficient and appropriate funding to prevent service cuts to non-Medicaid services and address waiting lists during the transition
- Review and evaluate the impact of the new per capita levy formula for adequacy
- Establish an enhanced and stable long-term funding formula for the redesigned mental health and disability services system that:
    - is available to all counties/regions in an equitable manner,
    - supports their service responsibilities to residents, and
    - is predictable and sufficient to enable them to engage in long–term planning
- Set provider reimbursement rates that maintain and build community capacity and strengthen the ability of safety net providers (including community mental health centers, substance abuse agencies, and other providers) to grow and offer services that align with the Patient Protection and Affordable Care Act and meet the complex needs of the individuals served by the system
- Take advantage of federal funding opportunities pursuant to the Patient Protection and Affordable Care Act:
    - Support expansion of Iowa Medicaid eligibility to individuals whose income falls below 133 percent of the federal poverty line
- Provide for client and family participation in establishing the expanded Medicaid basic benefits package and the benefits packages for the Iowa insurance exchange
- Support funding for the expansion of the current level of non-Medicaid services to include Expanded Core Services domains as identified in Senate File 2315:
    - Comprehensive crisis response (including 24-hour crisis hotline, mobile response, and crisis residential services)
    - Sub-acute services (including facility and community based service options)
    - Justice involved services (including jail diversion, civil commitment prescreening, and crisis intervention training for law enforcement)
    - Evidence based practices (including positive behavior supports, assertive community treatment, peer support services, recovery centers)

3. Build Workforce Capacity

Enhance access to quality mental health and disability services by expanding the availability, knowledge, and skills of professionals, paraprofessionals, and direct support workers as an essential element in building community capacity.

- Require state and regional cost settlement reimbursement methodologies to designate training and education costs as direct costs, allowable as a reimbursable expense
- Support statewide training and technical assistance that will assist providers in attaining the skills to capably address co-occurring and multi-occurring conditions
- Support the training of more mental health peer support specialists *utilizing nationally reviewed and accepted curricula based on service delivery models* and support the increased utilization of peer support services

- Align standards to remove existing barriers to the cross-training and credentialing of mental health and substance abuse treatment professionals
- Align credentialing, accreditation, and licensing standards to allow for effective transition of providers and agencies to prepare for and provide services in an integrated manner to individuals with multiple disorders, diagnoses, and/or conditions, and to better align with the Patient Protection and Affordable Care Act
- Implement incentive programs to recruit, retain, and train mental health and disability services professionals and paraprofessionals
    - Provide incentives for psychiatrists, ARNPs, and other mental health professionals trained in Iowa to stay and practice here
    - Consider special incentives for Iowa residents to train and stay in Iowa
- Establish a statewide credentialing and career path program for direct support professionals <u>*utilizing nationally reviewed and accepted curricula based on service delivery models*</u> that includes flexibility for part-time workers
- Utilize technology, such as telemedicine, to increase access to psychiatric and/or specialty services
- Address inpatient capacity issues by developing a statewide plan to facilitate access to in-patient hospital beds, including use of out of state beds when geographically preferable for border counties/regions
- Strengthen mental illness education requirements for law enforcement officials
- Provide pre-service and continuing mental illness education for first responders, health care professionals, attorneys, judges, and educators

Additional Recommendations on Transition Funding

As mentioned briefly at the end of Part 1 of this report, the Commission has reviewed the Iowa Department of Human Services Transition Fund Report (December 1, 2012) and while we appreciate the Department's efforts and commitment to equity and fiscal responsibility, we have serious concerns that the issues of inequity that were imbedded in the old system and some of the unintended consequences of redesign remain unresolved and could jeopardize a successful transition to regionalization. We note particularly the following concerns:

- The old county funding formula resulted in wide fluctuations from year to year; some counties are coming into the transition in a down year, and others are coming into it at the top of the funding cycle – treating them all the same is not treating them equitably.
- While counties should be expected to operate within balanced budgets each year by managing service costs so they do not exceed available revenue, the current budget shortfalls in some counties are the unintended consequence of the decision made to withhold state revenues from counties beginning July 1, 2012. Counties did not learn of the decision until well after their annual budgets were submitted and certified.
- Even if most of the counties that applied for transition funding receive it, they will end the year with a zero fund balance, which makes starting the new fiscal year on July 1 very challenging since most property taxes are not collected until September and October.
- A letter sent by DHS to the ISAC Community Services Affiliate that was shared with the Commission stated, "The Department of Human Services expects counties to plan on meeting their obligations to pay state bills. However, DHS understands that many counties are facing financial challenges. DHS understands these counties must prioritize spending in a manner that is the least disruptive as possible to the people served." Counties that chose to pay for services and hold outstanding Medicaid bills find themselves with no other source of funds to meet their State obligations. In contrast, counties who chose to pay their State Medicaid bills

now have a shortage of funds to pay for ongoing services to their local providers, resulting in service cuts. Since their unmet need is for funds to provide services, they can access the Transition Funds. Had other counties known that holding State Medicaid bills would have this result, many would have made different choices.

Above all, the Transition Funds were identified during the last legislative session for the purpose of ensuring that the services in place as of June 30, 2012 could be continued during the transition period, without cuts, until appropriate alternative funding or services are put into place. We need to follow through on that intent. We are in the process of transforming a service system that has been starved for funding for a number of years. The changes associated with redesign have brought both foreseeable and unforeseen consequences. The transition funding that has been identified should be leveraged for improving the system and preparing for the future changes. If we move into a regional system comprised of financially unstable counties we will have financially unstable regions and be no better off than we started. Funding is needed to sustain critical services to Iowans with disabilities and mental health needs. Taking a narrow approach to the determination and allocation of these funds will ultimately hurt the people we serve.

The MHDS Commission urges that:

- Swift action is taken to get needed transition funds into the hands of counties to avoid more cuts and support services to consumers
- An amount of transition funding no less than the $11.6 million described under scenario one in the DHS Transition Fund Report is appropriated
- Counties are assisted in identifying strategies to address unpaid State Medicaid bills and in resolving any other outstanding financial issues that could negatively impact regionalization
- The fullest use is made of the available Transition Funds to ensure that needed services are kept in place or restored in the interest of consumers

We recognize that counties need to operate with balanced budgets, effectively manage their services costs, and pay their bills. When the rules change midway through the game, however, they must also have access to the resources to meet those new expectations. Iowans have real, immediate, and ongoing needs for mental health and disability services that must be met.

PART 3:

THE EXTENT TO WHICH SERVICES TO PERSONS WITH DISABILITIES ARE ACTUALLY AVAILABLE TO PERSONS IN EACH COUNTY IN THE STATE AND THE QUALITY OF THOSE SERVICES AND THE EFFECTIVENESS OF THE SERVICES BEING PROVIDED BY DISABILITY SERVICE PROVIDERS IN THIS STATE AND BY EACH OF THE STATE MENTAL HEALTH INSTITUTES ESTABLISHED UNDER CHAPTER 226 AND BY EACH OF THE STATE RESOURCE CENTERS ESTABLISHED UNDER CHAPTER 222.

The limited resources available to the Commission make any independent, accurate and meaningful evaluation of the availability of services in each county and the quality and effectiveness of services provided in the State impractical. We note, however, that considerable resources have been invested in the activities of the redesign workgroups and we believe that their final reports are a valuable source of information about current and projected service gaps, availability, and effectiveness as well as strategies for continuous quality improvement in our State. We share their recommendations:

- Outcomes and Performance Measures Committee Report (December 14, 2012), available at: http://www.dhs.state.ia.us/uploads/Outcomes-and-Performance-Measures-FINAL-Report-December-14-2012.pdf

- Service System Data and Statistical Information Integration Workgroup Report (December 14, 2012), available at: http://www.dhs.state.ia.us/uploads/Data-and-Statistical-Information-Integration-Final-Report-December-14-2012.pdf

- Children's Disability Services Workgroup Final Report (December 10, 2012), available at: http://www.dhs.state.ia.us/uploads/Childrens-Disability-Services-Workgroup-Final-Report-Dec-10-2012.pdf

- Judicial Workgroup Final Report (November 30, 2012), available at: http://www.dhs.state.ia.us/uploads/Judicial-Workgroup-Final-Report-November-29-2012.pdf

- Mental Health Workforce Workgroup Interim Report to the Iowa General Assembly (December 12, 2012), available at: http://www.dhs.state.ia.us/uploads/Mental-Health-and-Disabilities-Workforce-Workgroup-2012-Report.pdf

Service cost and performance information on each of the four State Mental Health Institutes and both of the State Resource Centers are reported by DHS in Goal 4 of the Iowa Council on Human Services Budget Submission for State Fiscal Years 2014 and 2015, "Promote Iowan's Behavioral and Disabilities Health Status," available at:
http://www.dhs.state.ia.us/uploads/Promote_Iowans_Behavioral_and_Disabiltiies_Health_Status.pdf

SUMMARY:

The Commission is pleased with the three key pieces of mental health and disability services legislation passed during the 2012 legislative session, which:

- Replaced the term "mental retardation" with "intellectual disabilities" throughout Iowa law
- Focused on improvements to the commitment process for persons with mental illness and substance abuse
- Redesigned our State's mental health and disability services system to one that is more community-based and person-centered, with:
  - Locally delivered services
  - Regional management
  - Consistent statewide standards

We note with appreciation that this has been a bi-partisan effort and that individuals with mental health and disability-related needs, family members, providers, and a broad spectrum of stakeholders were invited to the table and participated actively in the system redesign, sharing the underlying goal that Iowans will have safe, healthy, productive, and successful lives in their homes and communities. The remaining uncertainty is funding for the transition period. As we discussed in Part 2 of this report, the Commission strongly advocates the adoption of a stable funding structure for mental health and disability services that is appropriate to enhance the current level of services in the short term, that supports goals for completing system redesign within five to seven years, and that strengthens the system and supports growth over time. Much has been invested in MHDS system redesign over the last two years and the time is right for meaningful change. Please do not let this opportunity to increase cost effectiveness, produce measurable outcomes, and support Iowans to live, learn, and work in the

communities of their choice slip away for lack of critical funding. Supporting the system through the transitional period is a sound investment in Iowa's future.

Finally, we want to express our sincere thanks to you for your hard work on behalf of Iowans with mental health and disability-related needs and we look forward to moving the MHDS services system forward together. This report is respectfully submitted on behalf of the members of the Mental Health and Disability Services Commission.

John (Jack) Willey
Chair, MHDS Commission

Cc: Michael E. Gronstal, Senate Majority Leader
Bill Dix, Senate Minority Leader
Kraig Paulsen, Speaker of the House
Kevin M. McCarthy, House Minority Leader
Legislative Services Agency
Charles M. Palmer, DHS Director
Richard Shults, DHS Administrator of MHDS
Jennifer Harbison, DHS Legislative Liaison