

# Fiscal Note

## Fiscal Services Division



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[HF 471](#) – Health and Human Services Omnibus (LSB1183HV.1)  
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Fiscal Note Version – Final Action

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### **Description**

[House File 471](#) relates to Mental Health and Disability Services (MHDS), judicial procedures, adoptions, and confinement of incompetent persons. **Figure 1** summarizes the fiscal impact of the various Bill divisions and is at the end of this **Fiscal Note**.

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### **Division I — State Mental Health Institutes — Specialization**

#### **Description and Background**

Division I removes persons who solely have a substance abuse problem as a population eligible to receive treatment, training, care, habilitation, and support at a State mental health institute (MHI). The Division designates the MHI located in Independence for specialized treatment of behaviorally complex youth and designates the State MHI located in Cherokee for specialized treatment and security of adults ordered by a court into the custody of the State.

Iowa Code section [226.1](#) details the services provided by a State MHI, including treatment and care of persons with mental illness, facilities and services to the communities in the region being served by the MHI, and a unit for the civil commitment of sexually violent predators committed to the custody of the Director of the Department of Health and Human Services (HHS). Currently, the Independence MHI contains beds for 16 youths and 40 adults, while the Cherokee MHI contains beds for 12 youths and 24 adults.

#### **Assumptions/Fiscal Impact (Division I)**

The estimated fiscal impacts for Division I are outlined below:

- **FY 2024** — An increase of \$160,000 and 3.0 full-time equivalent (FTE) positions to the Independence MHI, including assigning up to 36 youth beds (an 8-bed increase for youth) and chronic adult beds to Independence, and an increase of \$340,000 and 13.0 FTE positions to the Cherokee MHI, including assigning all acute adult and forensic adult beds to Cherokee. The total number of beds in each facility is expected to remain the same.
- **FY 2025** — An increase of \$300,000 for the Independence MHI, and an increase of \$922,000 for the Cherokee MHI, along with an annualization of all FTE positions.

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### **Division II — Child in Need of Assistance — Safety Plans — Temporary Removal**

#### **Description and Background**

Division II allows a child's guardian to enter into a safety plan and prohibits a safety plan from being construed as a child's removal from a guardian absent a court order.

To have a court hold a hearing to review a removal order within six months of the order, Division II references Iowa Code section [232.95\(2\)](#), which allows a court to, after a hearing to determine whether the child should be temporarily removed from a home, return the child to a person with legal custody of the child, remove a child from a home and place the child with a parent pending a final court order, and remove a child from a home and place custody of the child with the HHS.

## **Assumptions/Fiscal Impact (Division II)**

Division II has little to no fiscal impact.

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## **Division III — Mental Health and Disability Services Regions — Governance — Core Services — Report**

### **Description and Background**

The Bill makes changes to the regional governance of MHDS governing boards, adds outpatient competency restoration (OCR) as a core service for both adult and children's MHDS Regions, and changes requirements for reporting to the General Assembly to annually from quarterly.

OCR services were created to treat incompetent to stand trial (IST) defendants who do not require hospital-level care and who can be safely treated within the community, and not in an inpatient setting, such as a jail or an institution. Iowa Code sections [331.397](#) and [331.397A](#) outline regional core services and children's behavioral core services that would be altered under the Bill.

### **Assumptions/Fiscal Impact (Division III)**

According to the HHS, the cost of adding OCR services is unknown but will be absorbed within current regional resources.

According to the [State of Washington](#), at approximately \$200 per day for 100 days (below U.S. norms of 111 days) for OCR program costs (prior to IST defendants being found restored or unrestorable), the cost of maintaining a defendant would be approximately \$20,000. However, federal reimbursement for numerous services eligible for Medicare and Medicaid would lower costs to the State for each IST defendant. Nevertheless, a [study](#) on Washington, D.C., OCR defendants found that OCR costs were approximately 68.2% less than costs for inpatient competency restoration services, and have the potential to reduce expenditures for the State Department of Corrections (DOC).

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## **Division IV — Adoption Notices — Hearings**

### **Description and Background**

Division IV requires a petitioner in an adoption proceeding to provide notice by mail of an order setting an adoption hearing to a sibling of a person to be adopted at least 20 days prior to the adoption hearing if there is either an existing relationship between the siblings or a court finds that ongoing contact with the person to be adopted is in the best interests of each sibling. Division IV allows a copy of the order to be sent by ordinary mail. Division IV does not require a copy of the order to be sent to parents whose rights have been terminated or siblings under certain circumstances.

Iowa Code section [600.11](#)(2) referenced in Division IV currently requires petitioners to give a copy of a petition for adoption at least 20 days before an adoption hearing to certain stakeholders, including a guardian or person in a parent-child relationship with the person to be adopted, a potential adult adoptee, an investigator, any person required to consent under Iowa Code section [600.7](#), a person granted visitation rights with a child to be adopted, any person paying financial support for a child, and any siblings of the person to be adopted under certain circumstances.

### **Assumptions/Fiscal Impact (Division IV)**

Division IV has little to no fiscal impact.

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## **Division V — Confinement of Persons Found Incompetent to Stand Trial**

### **Description and Background**

Division V requires the MHDS region for the county of a defendant's residency to pay for the costs of mental health treatment the defendant receives as a condition of pretrial release. The Division also:

- Allows doctors or facility directors where the defendant is held to provide a written status report to a court regarding a defendant's mental disorder. This statement is required to notify the court if a defendant formerly deemed incompetent has either acquired the ability to appreciate the charges against them, or has no substantial probability of acquiring that ability.
- Requires a written status report prepared for an incompetent defendant to include the methods used to restore competency to the defendant, the defendant's current abilities related to competency, and whether it appears the defendant's competency can be restored within a reasonable amount of time.

Iowa Code chapter [225C](#) regarding the costs of mental health treatment for residents in a county is referenced in the Bill and codifies the [Mental Health and Disability Services Commission](#), which is tasked as the State policy-making body for the provision of services to persons with mental illness. The Iowa [Mental Health Planning and Advisory Council](#) is established in [42 U.S.C. §300x-3](#).

2021 Iowa Acts, [Senate File 619](#) (Taxation and Other Provisions Act), changed the way MHDS is funded, from a system based on county property taxes to a 100.0% State-funded system. The previous MHDS system was a regional system managed by the counties, with State oversight. Counties financed a portion of the system with a county property tax levy that was capped at a per capita dollar amount for each of the 14 MHDS Regions. The State currently finances the majority of the services provided through the Medicaid Program. For a complete funding history of the MHDS system back to 1995, please see the related [Issue Review](#).

**Per Capita State Appropriations.** Senate File 619 created a new MHDS Regional Services Fund and established a General Fund standing appropriation to the HHS for distribution to the MHDS Regions based on performance-based contracts using the following per capita amounts:

- \$15.86 for FY 2022
- \$38.00 for FY 2023
- \$40.00 for FY 2024
- \$42.00 for FY 2025
- Beginning in FY 2026 and beyond, the previous year's appropriation is multiplied by a growth factor indexed to sales tax growth for the preceding fiscal year, not to exceed 1.5%.

In FY 2023, \$121.2 million was appropriated to the HHS for distribution to the MHDS Regions.

### **Assumptions/Fiscal Impact (Division V)**

According to the HHS and as identified in the fiscal impact for Division III, MHDS regional costs for covering OCR services are to be utilized for OCR services, and regional costs may increase within the existing State appropriation with a reduction in State costs to the DOC. However, the HHS expects a period of time to pass before services are fully available for the new program, as the Department will need to build out the proper services for IST defendants. Costs in FY 2024 and FY 2025 cannot be estimated due to lack of data.

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## Division VI — Conforming Code Changes

### Description and Background

Division VI makes a conforming change to Iowa Code section [256.25](#) which deals with the Therapeutic Classroom Incentive Grant Program and Fund.

### Assumptions/Fiscal Impact (Division VI)

Division VI has little to no fiscal impact.

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## Division VII — Code Transfers

### Description and Background

Division VII transfers Iowa Code sections [331.388](#) through [331.400](#) (MHDS — Regional Service System — Children's Behavioral Health System) to Iowa Code sections 225C.55 through 225C.69 and makes conforming changes.

### Assumptions/Fiscal Impact (Division VII)

Division VII has little to no fiscal impact.

## Overall Fiscal Impact — State General Fund Appropriations

**Figure 1** provides a summary of the projected changes in General Fund revenue by Bill provision.

**Figure 1 — Summary of HF 471 Fiscal Impacts**

| Division | Summary   | Fiscal Impacts   | Source of Funding  |
|----------|---|--|--|
| I        | State Mental Health Institutes — Specialization | Up to 16.0 FTE<br>FY 2024 - \$500,000<br>FY 2025 - \$1.2 million   | Cost to State General Fund   |
| II       | Child in Need of Assistance — Safety Plans      | No fiscal impact   | N/A  |
| III      | MHDS Regional Governance — Core Services        | Average cost of \$20,000 per OCR patient and will be absorbed within current regional resources. State DOC costs may decrease. | Majority federal funds; some State MHDS appropriations; State General Fund |
| IV       | Adoption Notices — Hearing                      | No fiscal impact   | N/A  |
| V        | Confinement of Persons Found IST                | MHDS regional costs may increase, but State DOC costs may decrease   | Some State MHDS appropriations; State General Fund                         |
| VI       | Conforming Code Changes                         | No fiscal impact   | N/A  |
| VII      | Code Transfers                                  | No fiscal impact   | N/A  |

**Sources**

Department of Health and Human Services

Mental Health and Disability Services Commission

State of Washington Department of Social and Health Services

National Board of Medicine

Legislative Services Agency

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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