



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

May 5, 2017

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 504, an Act relating to mental health and disabilities, including the funding of mental health and disability services by modifying the mental health and disability services property tax levy, providing for the expenditure and deposit of certain county hospital property tax revenues, requiring the use of specified excess cash flow funds, including certain law enforcement notification provisions, and including effective date and applicability provisions.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry E. Branstad".

Terry E. Branstad
Governor

cc: Secretary of the Senate
Clerk of the House



Senate File 504

AN ACT

RELATING TO MENTAL HEALTH AND DISABILITIES, INCLUDING THE FUNDING OF MENTAL HEALTH AND DISABILITY SERVICES BY MODIFYING THE MENTAL HEALTH AND DISABILITY SERVICES PROPERTY TAX LEVY, PROVIDING FOR THE EXPENDITURE AND DEPOSIT OF CERTAIN COUNTY HOSPITAL PROPERTY TAX REVENUES, REQUIRING THE USE OF SPECIFIED EXCESS CASH FLOW FUNDS, INCLUDING CERTAIN LAW ENFORCEMENT NOTIFICATION PROVISIONS, AND INCLUDING EFFECTIVE DATE AND APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 222.73, subsection 2, paragraph b, Code 2017, is amended to read as follows:

b. The per diem costs billed to each mental health and disability services region shall not exceed the per diem costs billed to the county region in the fiscal year beginning July 1, ~~1996~~ 2016. ~~However, the per diem costs billed to a county may be adjusted for a fiscal year to reflect increased costs to the extent of the percentage increase in the statewide per capita expenditure target amount, if any per capita growth amount is authorized by the general assembly for that fiscal year in accordance with section 331.424A.~~

Sec. 2. Section 229.11, Code 2017, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. If a respondent is detained pursuant to subsection 1, paragraph "b" or "c", the sheriff or the sheriff's deputy that took the respondent into immediate custody may

inform the hospital or facility that an arrest warrant has been issued for or charges are pending against the respondent and may request the hospital or facility to notify the sheriff or the sheriff's deputy about the discharge of the respondent prior to discharge.

Sec. 3. Section 230.20, subsection 2, paragraph b, Code 2017, is amended to read as follows:

b. The per diem costs billed to each mental health and disability services region shall not exceed the per diem costs billed to the county region in the fiscal year beginning July 1, 1996 2016. ~~However, the per diem costs billed to a mental health and disability services region may be adjusted annually to reflect increased costs, to the extent of the percentage increase in the statewide per capita expenditure target amount, if any per capita growth amount is authorized by the general assembly for the fiscal year in accordance with section 426B.3.~~

Sec. 4. Section 331.391, subsection 4, Code 2017, is amended by striking the subsection and inserting in lieu thereof the following:

4. *a.* If a region is meeting the financial obligations for implementation of its regional service system management plan for a fiscal year and residual funding is anticipated, the regional administrator shall reserve an adequate amount of unobligated and unencumbered funds for cash flow of expenditure obligations in the next fiscal year.

b. For fiscal years beginning July 1, 2017, July 1, 2018, and July 1, 2019, that portion of each region's cash flow amount either reserved in the combined account or reserved among all separate county accounts under the control of the governing board that exceeds twenty-five percent of the gross expenditures from the combined account or from all separate county accounts under control of the governing board in the fiscal year preceding the fiscal year in progress shall be used in whole or in part to fund the payment of services provided under the regional service system management plan under section 331.393.

c. Each region shall certify to the department of management on or before December 1, 2020, and each December 1 thereafter, the amount of the region's cash flow amount in the combined

account that is attributable to each county within the region based upon each county's proportionate amount of funding and contributions to the region or other methodology specified in the regional governance agreement or certify the cash flow amount for each separate county account that is under the control of the governing board at the conclusion of the most recently completed fiscal year.

d. (1) For fiscal years beginning on or after July 1, 2021, for each region having a population of one hundred thousand or over, the region's cash flow amount shall not exceed twenty percent of the gross expenditures from the combined account or from all separate county accounts under control of the governing board for the fiscal year preceding the fiscal year in progress.

(2) For fiscal years beginning on or after July 1, 2021, for each region having a population of less than one hundred thousand, the region's cash flow amount shall not exceed twenty-five percent of the gross expenditures from the combined account or from all separate county accounts under control of the governing board for the fiscal year preceding the fiscal year in progress.

Sec. 5. Section 331.424A, subsection 1, Code 2017, is amended by striking the subsection and inserting in lieu thereof the following:

1. For the purposes of part 6 of division III of this chapter, this section, and chapter 426B, unless the context otherwise requires:

a. "*Base expenditure amount*" is an amount determined for each county that is the lesser of the following amounts:

(1) The county's base year expenditures for mental health and disabilities services, as defined in section 331.424A, subsection 1, paragraph "a", Code 2017.

(2) The product of the statewide per capita expenditure target amount multiplied by the county's population for the fiscal year beginning July 1, 2017.

b. "*Cash flow reduction amount*" means the amount calculated under subsection 4 and used to reduce a county budgeted amount under subsection 9 for fiscal years beginning on or after July 1, 2021.

c. "County budgeted amount" means the amount calculated under subsection 9 and certified for levy under subsection 6.

d. "County services fund" means a county mental health and disabilities services fund created pursuant to this section.

e. "Population" means the population shown by the latest preceding certified federal census or the latest applicable population estimate issued by the federal government, whichever is most recent and available as of July 1 of the fiscal year preceding the fiscal year to which the funding calculations apply.

f. "Region" means a mental health and disability services region formed in accordance with section 331.389.

g. "Regional per capita expenditure target amount" means the amount determined in subsection 8 for each region.

h. "Statewide per capita expenditure target amount" means forty-seven dollars and twenty-eight cents.

Sec. 6. Section 331.424A, subsection 4, Code 2017, is amended by striking the subsection and inserting in lieu thereof the following:

4. *a.* An amount of unobligated and unencumbered funds, as specified in the regional governance agreement entered into by the county under section 331.392, shall be reserved in the county services fund to address cash flow obligations in the next fiscal year, subject to the limitations of this subsection.

b. For fiscal years beginning July 1, 2017, July 1, 2018, and July 1, 2019, that portion of each county's cash flow amount reserved in the county services fund that exceeds an amount equal to twenty-five percent of the gross expenditures from the county services fund in the fiscal year preceding the fiscal year in progress shall be used in whole or in part to fund the county's financial obligations for the payment of services provided under the regional service system management plan under section 331.393.

c. Each county shall, as part of the financial report required under section 331.403, certify the county's cash flow amount in the county services fund at the conclusion of the most recently completed fiscal year.

d. For each fiscal year beginning on or after July 1,

2021, of a county's cash flow amount maintained in the county services fund or of the region's cash flow amount attributable to the county under section 331.391, subsection 4, paragraph "c", an amount equal to the county's cash flow reduction amount shall be used to fund the county's financial obligations for the payment of services provided under the regional service system management plan under section 331.393.

e. For each fiscal year beginning on or after July 1, 2021, each county's cash flow reduction amount shall be determined as follows and shall result in a reduction of the county budgeted amount determined pursuant to subsection 9:

(1) For each county located in a region having a population of one hundred thousand or over, the county's cash flow reduction amount equals the sum of the county's cash flow amount in the county services fund plus the most recent amount certified by the region for the county under section 331.391, subsection 4, paragraph "c", minus twenty percent of the gross expenditures from the county services fund in the fiscal year preceding the fiscal year in progress. However, the cash flow reduction amount shall not be less than zero and shall not exceed the county budgeted amount determined under subsection 9 prior to any reduction resulting from the cash flow reduction amount.

(2) For each county located in a region having a population of less than one hundred thousand, the county's cash flow reduction amount equals the sum of the county's cash flow amount in the county services fund plus the most recent amount certified by the region for the county under section 331.391, subsection 4, paragraph "c", minus twenty-five percent of the gross expenditures budgeted from the county services fund for the fiscal year in progress. However, the cash flow reduction amount shall not be less than zero and shall not exceed the county budgeted amount determined under subsection 9 prior to any reduction resulting from the cash flow reduction amount.

Sec. 7. Section 331.424A, subsections 6 and 7, Code 2017, are amended to read as follows:

6. For each fiscal year, the county shall certify a levy for payment of services. For each fiscal year, county revenues from taxes imposed by the county credited to the county

services fund shall not exceed an amount equal to the county budgeted amount of base year expenditures for mental health and disability services for the fiscal year. A levy certified under this section is not subject to the appeal provisions of section 331.426 or to any other provision in law authorizing a county to exceed, increase, or appeal a property tax levy limit.

7. Appropriations specifically authorized to be made from the ~~mental health and disabilities~~ county services fund shall not be made from any other fund of the county.

Sec. 8. Section 331.424A, subsection 8, Code 2017, is amended by striking the subsection and inserting in lieu thereof the following:

8. For the fiscal year beginning July 1, 2017, the regional per capita expenditure target amount is the sum of the base expenditure amount for all counties in the region divided by the population of the region. However, a regional per capita expenditure target amount shall not exceed the statewide per capita expenditure target amount. For the fiscal year beginning July 1, 2018, and each subsequent fiscal year, the regional per capita expenditure target amount for each region is equal to the regional per capita expenditure target amount for the fiscal year beginning July 1, 2017.

Sec. 9. Section 331.424A, Code 2017, is amended by adding the following new subsection:

NEW SUBSECTION. 9. For the fiscal year beginning July 1, 2017, and each subsequent fiscal year, the county budgeted amount determined for each county shall be the amount necessary to meet the county's financial obligations for the payment of services provided under the regional service system management plan approved pursuant to section 331.393, not to exceed an amount equal to the product of the regional per capita expenditure target amount multiplied by the county's population, and, for fiscal years beginning on or after July 1, 2021, reduced by the amount of the county's cash flow reduction amount for the fiscal year calculated under subsection 4, if applicable.

Sec. 10. Section 331.432, subsection 3, Code 2017, is amended to read as follows:

3. Except as authorized in section 331.477, transfers of moneys between the county ~~mental health and disabilities services fund~~ created pursuant to section 331.424A and any other fund are prohibited. This subsection does not apply to appropriations made or the value of in-kind care and treatment provided pursuant to section 347.7, subsection 1, paragraph "c".

Sec. 11. Section 347.7, subsection 1, Code 2017, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. For the fiscal years beginning July 1, 2017, July 1, 2018, and July 1, 2019, if a county public hospital is located in a county having a population of two hundred twenty-five thousand or over and having a county budgeted amount for the fiscal year under section 331.424A, subsection 9, equal to the product of the regional per capita expenditure target amount multiplied by the county's population, as those terms are defined in section 331.424A, the board of trustees shall appropriate for payment on July 1 of each such fiscal year from the county public hospital fund to the board of supervisors for deposit in the county services fund created pursuant to section 331.424A, two million eight hundred thousand dollars, and the county public hospital shall, in each such fiscal year, contract with the county in which the county public hospital is located to provide care and treatment to patients who are residents of the county and whose costs for such care and treatment would otherwise qualify for payment from the county services fund under section 331.424A, in an amount equal to three million five hundred thousand dollars.

Sec. 12. Section 426B.1, subsection 2, Code 2017, is amended to read as follows:

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

Sec. 13. Section 426B.2, Code 2017, is amended to read as follows:

426B.2 Property tax relief fund payments.

~~1.~~ The director of human services shall draw warrants on the property tax relief fund, payable to the county treasurer in the amount due to a county in accordance with ~~section 426B.3~~ statutory requirements, and mail the warrants to the county auditors in July and January of each year.

~~2. As used in this chapter and in section 331.424A, for purposes of population-based funding calculations, "population" means the population shown by the latest preceding certified federal census or the latest applicable population estimate issued by the federal government, whichever is most recent and available as of July 1 of the fiscal year preceding the fiscal year to which the funding calculations apply.~~

Sec. 14. REPEAL. Section 426B.3, Code 2017, is repealed.

Sec. 15. COUNTY BUDGET RECERTIFICATION. If this Act takes effect on or after March 15, 2017, notwithstanding section 24.17, for the fiscal year beginning July 1, 2017, a county may recertify the county's budget as necessary to implement the provisions of this Act. A budget recertified pursuant to this section must be recertified in duplicate to the county auditor not later than thirty days after the effective date of this Act, and protests to the budget shall be filed not later than ten days after the county's budget is recertified.

Sec. 16. MENTAL HEALTH AND DISABILITY SERVICES FUNDING — FISCAL VIABILITY REVIEW DURING 2018 LEGISLATIVE INTERIM. The legislative council is requested to authorize a study committee to analyze the viability of the mental health and disability services funding provisions in this Act, including the methodology used to calculate and determine the base expenditure amount, the county budgeted amount, the regional per capita expenditure target amount, the statewide per capita expenditure target amount, and the cash flow reduction amount. The study committee shall consist of five members of the senate, three of whom shall be appointed by the majority leader of the senate and two of whom shall be appointed by the minority leader of the senate, and five members of the house of representatives, three of whom shall be appointed by the speaker of the house of representatives and two of whom shall be appointed by the minority leader of the house of

representatives. The study committee shall meet during the 2018 legislative interim to make appropriate recommendations for consideration during the 2019 legislative session in a report submitted to the general assembly by January 15, 2019.

Sec. 17. WORKGROUP — MENTAL HEALTH, DISABILITY, AND SUBSTANCE USE DISORDER SERVICES. The department of human services shall convene a stakeholder workgroup to make recommendations relating to the delivery of, access to, and coordination and continuity of mental health, disability, and substance use disorder services and supports for individuals with mental health, disability, and substance use disorder needs, particularly for individuals with complex mental health, disability, and substance use disorder needs. The workgroup shall be comprised of representatives from community mental health centers, law enforcement agencies, the national alliance on mental illness, the Iowa hospital association, the judicial system, mental health and disability services regions, substance abuse treatment providers, the department of public health, and other entities as appropriate. The report shall incorporate selected strategies from community service plans submitted by the mental health and disability services regions to the department of human services pursuant to this Act to address services and supports for individuals with mental health, disability, and substance use disorder needs, particularly for individuals with complex mental health, disability, and substance use disorder needs. The workgroup shall submit a report with recommendations to the governor and general assembly by December 15, 2017.

Sec. 18. REGIONAL WORKGROUP — MENTAL HEALTH AND DISABILITY REGIONAL SERVICES.

1. The regional administrator of each mental health and disability services region shall convene a stakeholder workgroup to meet on a regular basis, beginning July 1, 2017, to create collaborative policies and processes relating to the delivery of, access to, and continuity of services and supports for individuals with mental health, disability, and substance use disorder needs, particularly for individuals with complex mental health, disability, and substance use disorder needs. Each region shall review resources currently available

including the reduction of mental health and disability services fund balances and options for combining funding from different sources, particularly funding available pursuant to Tit. XIX of the federal Social Security Act, and shall consider providing additional services and supports in their own region or partnering with one or more regions to provide additional services and supports to serve such individuals. The workgroup shall be comprised of representatives from hospitals, the judicial system, law enforcement agencies, managed care organizations, mental health providers, crisis service providers, substance abuse providers, the national alliance on mental illness, and other entities as appropriate.

2. Each mental health and disability services region shall submit a community service plan to the department of human services by October 16, 2017. The plan shall include planning and implementation time frames and assessment tools for determining the effectiveness of the plan in achieving the department's identified outcomes for success in the delivery of, access to, and coordination and continuity of services and supports for individuals with mental health, disability, and substance use disorder needs, particularly for individuals with complex mental health, disability, and substance use disorder needs, and financial strategies to support the plan including combined funding from different sources, particularly funding available pursuant to Tit. XIX of the federal Social Security Act. The plan shall address how mental health and disability services regions will spend down mental health and disabilities services fund balances remaining from the fiscal year ending June 30, 2016.

3. The regional administrator of each mental health and disability services region shall enter into a memorandum of understanding with each of Iowa's managed care organizations that delineates the roles and responsibilities of the region and the managed care organizations in relation to the plan developed by the region to address the services and supports necessary to meet the needs of individuals with mental health, disability, and substance use disorder needs, particularly individuals with complex mental health, disability, and substance use disorder needs.

4. In addition to the requirements specified in subsections 2 and 3, the eastern Iowa mental health and disability services region shall consult with the department to complete an analysis of the region's mental health, disability, and substance use disorder service and support concerns and identify funding opportunities to address such areas of concern in the region, and shall include information in the region's plan that includes the concerns, strategies to address the concerns, and the budget.

5. The department shall submit a report to the governor and general assembly by December 3, 2018, providing a summary of services implemented by each mental health and disability services region and an assessment of each region in achieving the department's identified outcomes for success.

Sec. 19. SAVINGS PROVISION. This Act, pursuant to section 4.13, does not affect the operation of, or prohibit the application of, prior provisions of law amended or repealed by this Act, or rules adopted under chapter 17A to administer prior provisions of law amended or repealed by this Act, for fiscal years beginning before July 1, 2017.

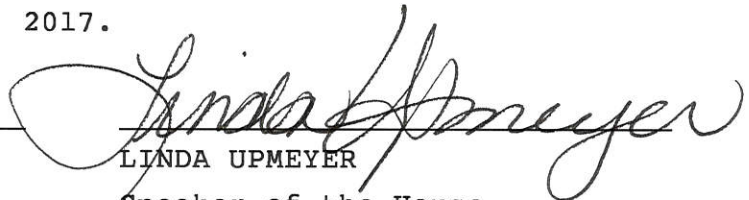
Sec. 20. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 21. APPLICABILITY. This Act applies to fiscal years beginning on or after July 1, 2017.



JACK WHITVER


President of the Senate



LINDA UPMEYER

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 504, Eighty-seventh General Assembly.



W. CHARLES SMITHSON
Secretary of the Senate

Approved May 5, 2017



TERRY E. BRANSTAD
Governor