

MAR 3 1998
APPROPRIATIONS

HOUSE FILE 2519
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO HF 2346)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to county mental health, mental retardation, and
2 developmental disabilities service funding, allocating an
3 appropriation, and providing effective dates.

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

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HF 2519

DIVISION I -- INTERFUND TRANSFERS

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2 Section 1. Section 331.432, Code 1997, is amended to read
3 as follows:

4 331.432 INTERFUND TRANSFERS.

5 1. It is unlawful to make permanent transfers of money
6 between the general fund and the rural services fund.

7 2. Moneys credited to the secondary road fund for the
8 construction and maintenance of secondary roads shall not be
9 transferred.

10 3. Transfers of moneys between the county mental health,
11 mental retardation, and developmental disabilities services
12 fund and any other fund are prohibited.

13 4. Other transfers, including transfers from the debt
14 service fund made in accordance with section 331.430, and
15 transfers from the general or rural services fund to the
16 secondary road fund in accordance with section 331.429,
17 subsection 1, paragraphs "a" and "b", are not effective until
18 authorized by resolution of the board.

19 5. The transfer of inactive funds is subject to section
20 24.21.

21 Sec. 2. EFFECTIVE DATE. This division of this Act, being
22 deemed of immediate importance, takes effect upon enactment.

DIVISION II -- FY 1999-2000 PROVISIONS

23
24 Sec. 3. ALLOWED GROWTH ALLOCATIONS. Moneys appropriated
25 from the general fund of the state to the department of human
26 services for the fiscal year beginning July 1, 1999, and
27 ending June 30, 2000, to be used for distribution to counties
28 of the county mental health, mental retardation, and
29 developmental disabilities allowed growth factor adjustment,
30 in accordance with section 331.438, subsection 2, and section
31 331.439, subsection 3, are allocated as follows:

32 1. For distribution to counties in accordance with the
33 formula provided in section 331.438, subsection 2, paragraph
34 "b", as amended by this Act for FY 1999-2000:

35 \$ 10,000,000

1 2. For deposit in the per capita expenditure target pool
 2 created in the property tax relief fund pursuant to this Act:
 3 \$ 2,126,362

4 3. For deposit in the incentive and efficiency pool
 5 created within the property tax relief fund pursuant to this
 6 Act:
 7 \$ 2,000,000

8 4. For deposit in the county risk pool created within the
 9 property tax relief fund pursuant to this Act:
 10 \$ 4,000,000

11 Sec. 4. Section 331.438, subsection 1, Code Supplement
 12 1997, is amended by adding the following new paragraph:

13 NEW PARAGRAPH. aa. "Per capita expenditure" means the
 14 amount derived from the sum of a county's expenditures for
 15 mental health, mental retardation, and developmental
 16 disabilities services for a fiscal year as reported to the
 17 department of human services pursuant to section 331.439, plus
 18 the state payment to the county and any payments made under
 19 section 426B.5 for that fiscal year, divided by the county's
 20 general population for that fiscal year.

21 Sec. 5. Section 331.438, subsection 2, paragraph b,
 22 subparagraphs (1) and (2), Code Supplement 1997, are amended
 23 to read as follows:

24 (1) One-half Seventy-five percent based upon the county's
 25 proportion of the state's general population.

26 (2) One-half Twenty-five percent based upon the county's
 27 proportion of the sum of the following for the fiscal year
 28 which commenced two years prior to the beginning date of the
 29 fiscal year in which the allowed growth factor adjustment
 30 moneys are distributed:

31 Sec. 6. Section 426B.2, subsection 1, unnumbered paragraph
 32 2, Code Supplement 1997, is amended to read as follows:

33 Moneys Except as otherwise provided in subsection 5, moneys
 34 distributed to a county for property tax relief in a fiscal
 35 year in accordance with this subsection shall not be less than

1 the amount provided for property tax relief in the previous
2 fiscal year.

3 Sec. 7. Section 426B.2, Code Supplement 1997, is amended
4 by adding the following new subsections:

5 NEW SUBSECTION. 4. As used in this chapter, and in
6 sections 331.438 and 331.439, "population" means the latest
7 applicable population estimate issued by the federal
8 government.

9 NEW SUBSECTION. 5. In each fiscal year, the amount
10 otherwise payable to a county in accordance with subsection 1,
11 shall be reduced by one dollar for each multiple of two
12 dollars below the maximum levy amount which the county could
13 certify but has not certified for the county's mental health,
14 mental retardation, and development disabilities services fund
15 levy under section 331.424A. Moneys which are retained in the
16 property tax relief fund pursuant to this subsection shall be
17 credited one-half to the per capita expenditure target pool
18 and one-half to the incentive and efficiency pool created in
19 section 426B.5.

20 Sec. 8. NEW SECTION. 426B.5 FUNDING POOLS.

21 1. PER CAPITA EXPENDITURE TARGET POOL.

22 a. A per capita expenditure target pool is created in the
23 property tax relief fund. The pool shall consist of the
24 moneys credited to the pool by law.

25 b. A statewide per capita expenditure target amount is
26 established. The statewide per capita expenditure target
27 amount shall be equal to the seventy-fifth percentile of all
28 county per capita expenditures in the fiscal year beginning
29 July 1, 1997, and ending June 30, 1998.

30 c. Only a county levying the maximum amount allowed for
31 the county's mental health, mental retardation, and
32 development disabilities services fund under section 331.424A
33 is eligible to receive moneys from the per capita expenditure
34 target pool for a fiscal year. Moneys available in the pool
35 for a fiscal year shall be distributed to those eligible

1 counties whose per capita expenditure in the latest fiscal
2 year for which the actual expenditure information is
3 available, is less than the statewide per capita expenditure
4 target amount.

5 d. The distribution amount a county receives from the
6 moneys available in the pool shall be determined based upon
7 the county's proportion of the general population of the
8 counties eligible to receive moneys from the pool for that
9 fiscal year. However, a county shall not receive moneys in
10 excess of the amount which would cause the county's per capita
11 expenditure to equal the statewide per capita expenditure
12 target. Moneys credited to the per capita expenditure target
13 pool which remain unobligated or unexpended at the close of a
14 fiscal year shall remain in the pool for distribution in the
15 succeeding fiscal year.

16 e. The department of human services shall annually
17 calculate the amount of moneys due to eligible counties in
18 accordance with this subsection. The department shall
19 authorize the issuance of warrants payable to the county
20 treasurer for the amounts due and the warrants shall be issued
21 in January.

22 2. INCENTIVE AND EFFICIENCY POOL.

23 a. An incentive and efficiency pool is created for making
24 incentive payments to those counties achieving desired results
25 and efficiently providing needed services.

26 b. The state-county management committee shall propose
27 desired results which are attainable by those counties working
28 to transform the service system to best meet the needs of
29 persons with mental illness, mental retardation, or
30 developmental disabilities in a cost-effective manner. The
31 committee shall propose desired results on an annual or other
32 regular basis which will provide for continuous improvement of
33 the service system. In addition, the committee shall identify
34 objective performance measures for the desired results which
35 may include but are not limited to rates of service provision

1 among eligible populations, access to a range of services,
2 movement toward less facility-based services, and medical loss
3 ratio.

4 c. The desired results and performance measures shall be
5 implemented in a manner that measures a county's progress
6 compared to its prior history for purposes of making incentive
7 and efficiency payments. The desired results and performance
8 measures proposed by the state-county management committee
9 shall be adopted in rule by the mental health and
10 developmental disabilities commission.

11 d. Moneys shall be distributed from the incentive and
12 efficiency pool to eligible counties based upon a percentage
13 score for the degree of a county's attainment of the desired
14 results and performance measures. The maximum amount which
15 may be distributed to an eligible county is the county's
16 percentage share of the state's general population applied to
17 the amount available for distribution from the pool. The
18 amount actually paid to an eligible county shall be the
19 product of the county's percentage score and the county's
20 maximum amount.

21 e. Moneys remaining unexpended or unobligated in the pool
22 at the close of a fiscal year shall remain available for
23 distribution in the succeeding fiscal year.

24 f. The department of human services shall annually
25 calculate the amount of moneys due to an eligible county in
26 accordance with this subsection. The department shall
27 authorize the issuance of warrants payable to the county
28 treasurer for the amounts due and the warrants shall be issued
29 in January.

30 3. RISK POOL.

31 a. A risk pool is created in the property tax relief fund.
32 The pool shall consist of the moneys credited to the pool by
33 law.

34 b. A risk pool board is created. The board shall consist
35 of five county supervisors, two county auditors, and two

1 single entry point process administrators appointed by the
2 governor and subject to confirmation by the senate. Members
3 shall serve for three-year terms. A vacancy shall be filled
4 in the same manner as the original appointment. Expenses and
5 other costs of the risk pool board members shall be paid by
6 the county of origin. Staff assistance to the board shall be
7 provided by the department of human services and counties.
8 Actuarial expenses and other direct administrative costs shall
9 be charged to the pool.

10 c. (1) A county must apply to the board for assistance
11 from the risk pool on or before April 1 to cover an
12 unanticipated cost in excess of the county's current fiscal
13 year budget amount for the county's mental health, mental
14 retardation, and development disabilities services fund. For
15 purposes of applying for risk pool assistance, the current
16 fiscal year budget amount shall be deemed to be the higher of
17 either the budget amount in the management plan approved under
18 section 331.439 for the fiscal year in which the application
19 is made or the prior fiscal year's gross expenditures from the
20 services fund.

21 (2) Basic eligibility for risk pool assistance shall
22 require a need in excess of the sum of one hundred five
23 percent of the county's current fiscal year budget amount and
24 any amount of the county's prior fiscal year ending fund
25 balance in excess of twenty-five percent of the county's gross
26 expenditures from the services fund in the prior fiscal year.

27 (3) A county receiving risk pool assistance in a fiscal
28 year in which the county did not levy the maximum amount
29 allowed for the county's mental health, mental retardation,
30 and development disabilities services fund under section
31 331.424A shall be required to repay the risk pool assistance
32 in the succeeding fiscal year. The repayment amount shall be
33 limited to the amount by which the actual amount levied was
34 less than the maximum amount allowed.

35 (4) The board shall determine application requirements to

1 ensure prudent use of risk pool assistance. The board may
2 accept or reject an application for assistance in whole or in
3 part. The decision of the board is final.

4 (5) The total amount of risk pool assistance shall be
5 limited to the amount available in the risk pool for a fiscal
6 year. If the total amount of eligible assistance exceeds the
7 amount available in the risk pool the amount of assistance
8 paid shall be prorated among the counties eligible for
9 assistance.

10 d. A county may apply for preapproval for risk pool
11 assistance based upon an individual who has an unanticipated
12 disability condition with an exceptional cost and the
13 individual is either new to the county's service system or the
14 individual's unanticipated disability condition is new to the
15 individual.

16 e. The department of human services shall annually
17 calculate the amount of moneys due to eligible counties in
18 accordance with the board's decisions. The department shall
19 authorize the issuance of warrants payable to the county
20 treasurer for the amounts due and the warrants shall be issued
21 before the close of the fiscal year.

22 Sec. 9. EFFECTIVE DATE -- APPLICABILITY.

23 1. The provisions of section 426B.5, subsection 2, as
24 enacted by this Act, directing the state-county management
25 committee to make recommendations and the mental health and
26 developmental disabilities commission to adopt rules, being
27 deemed of immediate importance, take effect upon enactment for
28 purposes of the recommendations and rules and for counties
29 collecting initial information during the fiscal year
30 beginning July 1, 1998. Payments under section 426B.5,
31 subsection 2, shall commence with the fiscal year beginning
32 July 1, 1999. The rules shall be adopted on or before July 1,
33 1998. The mental health and mental retardation commission may
34 adopt emergency rules under section 17A.4, subsection 2, and
35 section 17A.5, subsection 2, paragraph "b", to implement the

1 provisions of this Act and the rules shall be effective
2 immediately upon filing unless a later date is specified in
3 the rules. Any rules adopted in accordance with this
4 subsection shall also be published as a notice of intended
5 action as provided in section 17A.4.

6 2. Except as provided in subsection 1, this division of
7 this Act takes effect July 1, 1998, for purposes of creating
8 the risk pool board and completing required planning. This
9 division of this Act is applicable to county budgets prepared
10 and levies certified commencing with the fiscal year beginning
11 July 1, 1999.

12 DIVISION III -- FY 2000-2001

13 Sec. 10. Section 331.438, subsection 2, paragraph b, Code
14 Supplement 1997, as amended by this Act, is amended by
15 striking the paragraph and inserting in lieu thereof the
16 following:

17 b. A county's portion of the allowed growth factor
18 adjustment appropriation for a fiscal year shall be determined
19 based upon the county's proportion of the state's general
20 population.

21 Sec. 11. EFFECTIVE DATE -- APPLICABILITY. This division
22 of this Act takes effect July 1, 2000, and is applicable to
23 county budgets prepared and levies certified for the fiscal
24 year beginning July 1, 2000. Prior to July 1, 2000, the
25 counties shall perform those acts necessary for budget
26 preparation and levy certification in order to implement this
27 division of this Act on July 1, 2000.

28 EXPLANATION

29 This bill relates to county mental health, mental
30 retardation, and developmental disabilities (MH/MR/DD) service
31 funding and allocates an appropriation made for these
32 services.

33 Division I of the bill relates to transfers between county
34 funds by amending Code section 331.432 to prohibit transfers
35 between the county MH/MR/DD services fund and any other county

1 fund. This provision takes effect upon enactment.

2 Division II relates to FY 1999-2000 service funding
3 provisions by allocating an appropriation for MH/MR/DD allowed
4 growth to counties and establishing funding pools within the
5 property tax relief fund.

6 Code section 331.438 is amended by defining "per capita
7 expenditure" used for calculating a county's MH/MR/DD services
8 expenditures for each person in the county's general
9 population. This definition is used as part of the
10 calculations for distribution of the per capita expenditure
11 target pool created in the bill.

12 Code section 331.438 is also amended to change a factor for
13 distribution of allowed growth moneys. Under current law, the
14 moneys are divided 50 percent based upon a county's proportion
15 of the state's general population and 50 percent based upon
16 the proportion of total previous expenditures and property tax
17 relief payments. The bill changes the proportion of these
18 factors to 75 percent and 25 percent, respectively.

19 Code section 426B.2 is amended to provide that except as
20 required by the bill, the amount a county receives for
21 property tax relief cannot be less than the amount in the
22 previous year. The bill provides for a reduction in the
23 amount paid for relief in a proportion of one dollar for each
24 multiple of two dollars a county levies for MH/MR/DD services
25 which is less than the maximum allowed. Moneys retained are
26 equally split between the per capita expenditure target pool
27 and the incentive and efficiency pool created in the bill.

28 New Code section 426B.5 creates three pools within the
29 property tax relief fund: a per capita expenditure target
30 pool, an incentive and efficiency pool, and a risk pool.
31 Under current law, moneys appropriated to the property tax
32 relief fund which are unexpended at the close of a fiscal year
33 remain in the fund.

34 The statewide per capita expenditure target is established
35 as the 75th percentile of all county per capita expenditures

1 for MH/MR/DD services in FY 1997-1998. Counties with a per
2 capita expenditure below this target amount that levy the
3 maximum amount allowed for MH/MR/DD services are eligible to
4 receive payments from the pool. The payment amount is
5 determined based upon a county's proportion of the general
6 population of the counties eligible to receive the payment.
7 Payments are to be issued in January.

8 The incentive and efficiency pool is created for payments
9 to counties achieving desired results and efficiently
10 providing services. The state-county management committee is
11 to propose desired results and objective performance measures
12 for the results. These are to be adopted in rule by the
13 mental health and mental retardation commission. The results
14 and measures are to be implemented in a manner which compares
15 a county's progress compared to the county's own prior history
16 for purposes of making pool payments. The maximum amount is
17 based upon a county's proportion of the state's general
18 population. This maximum amount is adjusted based upon a
19 county's performance score. Payments are to be issued in
20 January. Unexpended moneys are carried forward to the next
21 fiscal year.

22 A risk pool and risk pool board are created. The board
23 consists of nine county supervisors, auditors, and central
24 point of coordination administrators selected by the governor
25 and confirmed by the senate. Applications for risk pool
26 assistance must be submitted by April 1. Basic eligibility is
27 based upon calculations of the funding available in the
28 county's services fund. A county receiving assistance in a
29 fiscal year in which the county did not levy the maximum
30 allowed must repay the risk pool in the succeeding fiscal
31 year. The repayment amount is limited to the amount by which
32 the actual amount levied was less than the maximum amount
33 allowed. Application provisions and other requirements for
34 the pool are to be determined by the board. The board may
35 accept or reject an application for assistance in whole or in

1 part. In addition, a county may apply to the board for
 2 preapproval for assistance. If the amount of eligible
 3 assistance applied for exceeds the amount available for
 4 distribution, the assistance payments are to be prorated.

5 Division II requirements for development of the initial
 6 incentive and efficiency pool provisions take effect upon
 7 enactment and are to be developed by July 1, 1998, so that
 8 counties can collect initial information during FY 1998-1999.
 9 Emergency rulemaking authority is granted to the MH/DD
 10 commission for this purpose. Otherwise, for purposes of
 11 budget preparation and levy certification, this division
 12 applies to FY 1999-2000.

13 Division III amends the allowed growth payment distribution
 14 formula applicable to FY 2000-2001 and subsequent fiscal
 15 years. Beginning with this year, the entire distribution is
 16 to be made based upon a county's proportion of the general
 17 population.

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