

MAR 10 1999

LOCAL GOVERNMENT

HOUSE FILE
BY HEATON

575

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

A BILL FOR

1 An Act relating to state billings for and cost settlement with
2 counties involving mental health and mental retardation
3 services.

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

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HF 575

1 Section 1. Section 222.68, Code 1999, is amended to read
2 as follows:

3 222.68 COSTS PAID IN FIRST INSTANCE.

4 1. All necessary and legal expenses for the cost of
5 admission or commitment of a person to a hospital-school or a
6 special unit when the person's legal settlement is found to be
7 in another county of this state shall in the first instance be
8 paid by the county from which the person was admitted or
9 committed. The county of legal settlement shall reimburse the
10 county ~~which-pays~~ that paid for all such expenses. Where any
11 county fails to make such reimbursement within forty-five days
12 following submission of a properly itemized bill to the county
13 of legal settlement, a penalty of not greater than one percent
14 per month on and after forty-five days from submission of the
15 bill may be added to the amount due.

16 2. If a county notifies the director of revenue and
17 finance that a person for whom the county has been billed has
18 legal settlement in another county or the person has no legal
19 settlement or the legal settlement is unknown, the
20 administrator shall request that the attorney general cause an
21 action to be brought in accordance with section 222.70 to
22 determine legal settlement. If an action to determine legal
23 settlement is not brought within forty-five days of the date
24 by which the county notified the director of revenue and
25 finance, the billed county shall not be liable for the
26 billing, and no further claim for the billed expenses shall be
27 made to that county. If the administrator fails to respond
28 within forty-five days of being notified of a dispute of any
29 other expense billed to a county under this chapter, that
30 county shall not be liable for the billed expense and no
31 further claim for the expenses shall be made.

32 Sec. 2. Section 230.12, subsection 3, Code 1999, is
33 amended to read as follows:

34 3. If an action under this section involves a dispute
35 between counties or between the administrator and a county,

1 the county determined to be the county of legal settlement or
2 the state, if it is determined that the person has no legal
3 settlement or the legal settlement is unknown, shall reimburse
4 a county for the amount of costs paid by that county on behalf
5 of the person and for interest on this amount in accordance
6 with section 535.3. In addition, the court may order the
7 county determined to be the county of legal settlement, or the
8 state, to reimburse any other county involved in the dispute
9 for the other county's reasonable legal costs related to the
10 dispute and may tax the reasonable legal costs as court costs.
11 The court may order the county determined to be the county of
12 legal settlement, or the state, to pay a penalty to the other
13 county, in an amount which does not exceed twenty percent of
14 the total amount of reimbursement and interest.

15 Sec. 3. Section 230.22, Code 1999, is amended to read as
16 follows:

17 230.22 PENALTY.

18 1. Should-any If a county fail fails to pay the amount
19 billed by a statement submitted pursuant to section 230.20
20 within forty-five days from the date the statement is received
21 by the county, the director of revenue and finance shall
22 charge the delinquent county the penalty of one percent per
23 month on and after forty-five days from the date the statement
24 is received by the county until paid. ~~Provided,--however,--that~~
25 However, the penalty shall not be imposed if the county has
26 notified the director of revenue and finance of error or
27 questionable items in the billing, in which event, the
28 director of revenue and finance shall suspend the penalty only
29 during the period of negotiation.

30 2. If a county notifies the director of revenue and
31 finance that a person for whom the county has been billed has
32 legal settlement in another county or the person has no legal
33 settlement or the legal settlement is unknown, the
34 administrator shall request that the attorney general cause an
35 action to be brought in accordance with section 230.12 to

1 determine legal settlement. If an action to determine legal
2 settlement is not brought within forty-five days of the date
3 by which the county notified the director of revenue and
4 finance, that county shall not be liable for the expenses and
5 no further claim for the expenses shall be made. If the
6 administrator fails to respond within forty-five days to a
7 dispute of any other claim billed to a county under this
8 chapter, that county shall not be liable for the billed
9 expenses and no further claim for the expenses shall be made.

10 Sec. 4. Section 249A.12, subsection 2, Code 1999, is
11 amended to read as follows:

12 2. a. A county shall reimburse the department on a
13 monthly basis for that portion of the cost of assistance
14 provided under this section to a recipient with legal
15 settlement in the county, which is not paid from federal
16 funds, if the recipient's placement has been approved by the
17 appropriate review organization as medically necessary and
18 appropriate. Any claim submitted by the department to a
19 county must be complete and accurately itemized according to
20 the names of the persons who received services, types of
21 services and dates received, and amount billed for each unit
22 of service.

23 b. The department's goal for the maximum time period for
24 submission of a complete and accurate claim to a county is not
25 more than ~~sixty~~ forty-five days following the submission of
26 the claim by the provider of the service to the department.
27 If the department submits a claim to a county more than forty-
28 five days following the submission of the claim by the
29 provider, the county may reduce the amount due by one percent
30 per calendar month or portion of a month that the claim was
31 submitted to the county beyond the forty-five-day goal.

32 c. If a county notifies the director of revenue and
33 finance that a person for whom the county has been billed for
34 costs of assistance under this chapter has legal settlement in
35 another county or the person has no legal settlement or the

1 legal settlement is unknown, the department shall request that
2 the attorney general cause an action to be brought to
3 determine legal settlement. If an action to determine legal
4 settlement is not brought within forty-five days of the date
5 by which the county notified the director of revenue and
6 finance, that county shall not be liable for the billed costs
7 and no further claim for the costs shall be made. If the
8 department fails to respond within forty-five days to a
9 dispute of any other costs billed to a county under this
10 chapter, that county shall not be liable for the costs and no
11 further claim for the costs shall be made.

12 d. The department's goal for completion and crediting of a
13 county for cost settlement for the actual costs of a home and
14 community-based waiver service is within two hundred seventy
15 days of the close of a fiscal year for which cost reports are
16 due from providers. In calculating the amount of cost
17 settlement due a county under this paragraph, the department
18 shall increase the amount credited by one percent per calendar
19 month or portion of a month that the cost settlement was
20 credited to the county beyond the two hundred seventy-day
21 goal.

22 e. The department shall annually report on or before
23 December 15 to the governor and the general assembly regarding
24 the department's performance during the previous fiscal year
25 in complying with the goals for submitting claims and
26 crediting for cost settlement. If the goals were not
27 achieved, the report shall include a corrective action plan
28 detailing the actions to be taken for achieving the goals in
29 the succeeding fiscal year.

30 f. Effective July 1, 2000, if a claim is not submitted to
31 the county of legal settlement within the forty-five-day goal
32 period under this section, the department shall be liable for
33 the claim in place of the county.

34 g. The department shall place credit all reimbursements
35 received from counties in under this section to the

1 appropriation for medical assistance, and may use the
2 reimbursed funds in the same manner and for any purpose for
3 which the appropriation for medical assistance may be used.

4 Sec. 5. DISPUTED BILLINGS. If a billing submitted before
5 July 1, 1997, to a county for state hospital-school or state
6 mental health institute service expenses is not settled as of
7 June 30, 1999, effective July 1, 1999, the billing is null and
8 void, the county shall not be liable for the expenses, and no
9 further claim for the expenses associated with the billing
10 shall be made.

11 EXPLANATION

12 This bill relates to state billings for and cost settlement
13 with counties involving mental health and mental retardation
14 services.

15 The bill amends Code section 222.68, relating to payment in
16 the first instance by the county of residence for services
17 provided by a state hospital-school. If a county of residence
18 notifies the department of revenue and finance that the person
19 who received the services has legal settlement in another
20 county, has no legal settlement, or the legal settlement is
21 unknown, the administrator of the division of mental health
22 and developmental disabilities of the department of human
23 services is to request the attorney general to bring a cause
24 of action to determine legal settlement. If the action is not
25 brought within 45 days of the request, the county is not
26 liable for the billing and no further claim is to be made.
27 This 45-day response period is applied to any claim for
28 services under the state hospital-school Code chapter.

29 The bill amends Code section 230.22, relating to the state
30 mental health institutes, in the same manner.

31 The bill amends Code section 230.12, relating to legal
32 settlement disputes involving the state mental health
33 institutes, to include the state in provisions for
34 reimbursement of costs plus interest and legal fees and
35 payment of a penalty to the county which originally paid the

1 costs.

2 The bill amends Code section 249A.12, relating to medical
3 assistance (Medicaid) provided to patients with mental
4 retardation and to financial responsibility for the
5 assistance. The bill requires the department to itemize the
6 billings to counties. If the department does not forward a
7 billing received from a provider to the county within 45 days
8 of receiving it (current law provides a goal period of 60
9 days), the county may reduce the billed amount by one percent
10 per calendar month or portion of a calendar month beyond the
11 45 days. Unless the department responds within a 45-day time
12 period when legal settlement or a claim is disputed, the
13 county that received the billing is no longer liable for the
14 claim.

15 . Current law provides that the goal for completion and
16 crediting of a county for cost settlement for the actual costs
17 of a home and community-based waiver service is within 270
18 days of the close of a fiscal year for which cost reports are
19 due from providers. Under the bill, if the department
20 completes the crediting after the goal period, the credit
21 amount is to be increased by 1 percent per calendar month or
22 portion of a calendar month beyond the goal period.

23 The department is required to report annually on its
24 performance in meeting the goals for billing and credits.
25 Effective July 1, 2000, if the billing goal is not met, the
26 county is no longer liable for the billing.

27 The bill provides that disputed billings submitted before
28 July 1, 1997, to a county for state hospital-school or state
29 mental health institute services that are not settled as of
30 June 30, 1999, effective July 1, 1999, the billings are null
31 and void, the county is not liable for the billings, and no
32 further claim for the expenses associated with the billings
33 shall be made.

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**HOUSE FILE 575
FISCAL NOTE**

A fiscal note for **House File 575** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 575 specifies certain time lines for determination of legal settlements between the counties and the State for certain services.

ASSUMPTIONS

1. The State will assume all of the disputed legal settlement cases in existence prior to FY 1998.
2. Approximately 35 cases per month will not meet the forty-five day requirement established by the Bill requiring the Department of Human Services to request the Attorney General bring legal action to determine legal settlement for services provided at State Mental Health Institutes. Each case will average a 50-day length of stay and cost \$152.50 per day.
3. Approximately 53 cases per month will not meet the 45-day requirement established by the Bill requiring the Department of Human Services to request the Attorney General bring legal action to determine a person's legal settlement for services provided under Title XIX (Medicaid). Each case will cost approximately \$2,500 per month.
4. The Office of the Attorney General will need additional staff to meet the requirements of the Bill (two attorneys, three legal assistants, and one secretary).
5. Federal reimbursement under the Medical Assistance Program will decline.
6. The Department of Human Services will be penalized 1.0% of the amount billed to counties for Medical Assistance cases. Annual billings to counties are approximately \$53.0 million.
7. The impact of the 270-day billing requirement will be minimal.
8. The impact to State Hospitals-Schools for the mentally retarded is expected to be minimal.

FISCAL IMPACT

The impact of House File 575 is as follows:

1. For the State to assume the cost of disputed legal settlement cases initiated prior to FY 1998, the one-time FY 2000 loss of revenue to the General Fund would be \$4.6 million.

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2. The General Fund cost associated with the State not meeting the time-line requirements for disputed legal settlement issues for 35 cases related to services provided by State Mental Health Institutes is \$3.2 million for FY 2000 and each year thereafter.
3. The loss of revenue to the General Fund associated with the State not meeting the time-line requirements for disputed legal settlement issues for 53 cases related to certain services provided under the Medical Assistance Program is approximately \$1.6 million for FY 2000 and each year thereafter.
4. The General Fund cost to the Attorney General's Office would be \$220,000 for FY 2000 and each year thereafter.
5. The annual loss of federal Medicaid funds would be \$83,000 starting in FY 2000 and each year thereafter.
6. The estimated reduction in revenue from the 1.0% penalty could be up to \$530,000 in FY 2000 and each year thereafter.

For FY 2000, the fiscal impact of House File 575 to the General Fund would be \$10.2 million net of county revenue. For each succeeding fiscal year, the impact would be \$5.6 million.

In addition, similar language affecting the State Hospital-Schools at the Department of Human Services would impact the General Fund by an additional \$326,000 for FY 2000 and \$323,000 for each succeeding fiscal year.

SOURCE

Department of Human Services
Office of the Attorney General

(LSB 2764hh, SLL)

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BY DENNIS PROUTY, FISCAL DIRECTOR