

HSB 226

LOCAL GOVERNMENT

Succeeds

SF/HF

Houser, Chair
Carroll
Van Engelenhoven
Burnett
Kuhn

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL BY
CHAIRPERSON HOUSER)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act creating an adult mental health, mental retardation, and
2 developmental disabilities services funding decategorization
3 pilot project and providing an appropriation.

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

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

1 population.

2 For purposes of determining the financial responsibility of
3 a pilot project county, a legal resident includes anyone
4 living in the county at the time services or other support are
5 provided who meets the other requirements of this paragraph
6 "c". A legal resident includes but is not limited to a person
7 who is homeless or living in a homeless shelter. However, if
8 an individual resides in a pilot project county as a result of
9 placement or referral for services or other support by another
10 county or the state, financial responsibility remains with the
11 other county or the state.

12 2. PROJECT ESTABLISHED. The department of human services
13 shall establish a pilot project for decategorizing the public
14 funding for adult mental health, mental retardation, and
15 developmental disabilities services in accordance with this
16 section. The pilot project shall include the three-county
17 single entry point process administrative areas designated for
18 decategorization planning under 1997 Iowa Acts, chapter 169,
19 section 13. Under the pilot project, each of the three
20 administrative areas shall receive an annual payment or
21 payments from the state consisting of the funding designated
22 in this section. The funding amounts and other requirements
23 under the pilot project shall be delineated in contracts
24 between the department and the counties involved in the pilot
25 project. The purpose of the pilot project is to facilitate
26 the utilization by the areas of the overall annual payment
27 amount together with other available funding, and thereby to
28 creatively meet the divergent needs of the target population
29 by providing services in the community.

30 3. COUNTY RESPONSIBILITIES.

31 a. A county participating in the pilot project is
32 responsible to provide or pay for services and other support
33 to appropriately address the needs of the target population
34 attributable to that county. This responsibility includes
35 clinical, administrative, and fiscal functions.

1 5. RISK POOL -- OVERSIGHT COMMITTEE.

2 a. The pilot project areas and department shall create and
3 commit funding to a central risk pool. The central risk pool
4 shall be used to cover unexpected costs resulting from an
5 unanticipated event such as a legal settlement requirement or
6 an exceptionally costly set of services or other support.
7 Access to this risk pool funding shall be subject to
8 authorization by the oversight committee.

9 b. An oversight committee shall be established to provide
10 general oversight of the pilot project and the risk pool. The
11 oversight committee shall consist of at least one service
12 consumer or advocate from each of the three-county or
13 multicounty areas participating in the pilot project, an
14 individual designated by the legislative council, and an
15 individual designated by the governor or the governor's
16 designee. If the individual designated by the legislative
17 council is a member of the general assembly, that member shall
18 be a nonvoting member.

19 6. OUTCOMES AND EVALUATION.

20 a. The pilot project participants and the department shall
21 agree on a set of outcomes and indicators to measure the
22 effect of the pilot project upon the system of care in those
23 counties. The pilot project areas shall annually report on
24 the implementation status of the outcomes and the performance
25 on the indicators. The report shall include any findings
26 identified by the oversight committee.

27 b. The department shall provide funding for the pilot
28 project areas to arrange for an independent evaluation of the
29 pilot project. The evaluation shall determine whether the
30 pilot project has improved services to the target population
31 in a cost-effective manner. The evaluation shall include a
32 focus on special populations such as persons who are homeless
33 or who have multiple disabilities or service needs.

34 c. A final report concerning the pilot project shall be
35 submitted to the governor and general assembly on or before

1 February 15, 2003. It is the intent of the general assembly
2 to use that report to determine whether to continue the pilot
3 project, terminate it, or implement the pilot project
4 provisions or a similar approach statewide.

5 7. LAW -- RULES -- IMPLEMENTATION.

6 a. If a provision of state law or administrative rule is
7 in conflict with a provision of this section, the provision of
8 this section shall prevail. State law and administrative
9 rules governing the funding sources specified in this section
10 are not applicable to use of the funding by the pilot project
11 counties.

12 b. The department shall amend the medical assistance state
13 plan and apply for federal waivers as necessary to implement
14 the provisions of this section.

15 c. The department shall amend its contract for managed
16 behavioral health care under medical assistance as necessary
17 to implement the second phase of the pilot project and for the
18 medical assistance-eligible persons covered under that
19 contract to instead be covered by the pilot project counties.

20 d. The pooling of funding sources and the provision of
21 services under this pilot project and implementation of a risk
22 pool as authorized in this section is not insurance and is not
23 subject to regulation under chapters 505 through 523C.

24 Sec. 2. PILOT PROJECT IMPLEMENTATION. There is
25 appropriated from the general fund of the state to the
26 department of human services for the fiscal year beginning
27 July 1, 1999, and ending June 30, 2000, the following amount,
28 or so much thereof as is necessary, to be used for the
29 purposes designated:

30 For allocation in equal amounts to the three-county and
31 multicounty areas participating in the pilot project created
32 in this Act to be used for start-up and other costs to
33 implement the pilot project:

34 \$ 600,000

35 EXPLANATION

1 This bill creates an adult mental health, mental
2 retardation, and developmental disabilities services funding
3 decategorization pilot project in the department of human
4 services to involve three-county and multicounty areas. The
5 counties involved were designated under a 1997 law authorizing
6 a planning process for the concepts in the bill. The county
7 and multicounty areas are Polk, Linn, and Tama/Poweshiek. The
8 purpose of the pilot project is to provide state and federal
9 funding in a lump sum to the involved counties to meet
10 individual needs in the community. The pilot project
11 provisions are codified in new Code section 331.440A, which is
12 part of the county home rule chapter.

13 The bill provides various definitions, including a
14 description of the target population to which the project is
15 directed. Under the application of this definition, a pilot
16 project area must fund or provide necessary services to
17 persons who are residents of the area, with certain
18 exceptions.

19 The department is directed to establish the pilot project
20 and the specific provisions are to be spelled out in contracts
21 with the participating counties.

22 County responsibilities under the pilot project include
23 fiscal, clinical, and administrative responsibilities,
24 choosing an approach for administering services, provision of
25 data, and use of any excess funding for specified purposes.

26 The project is to be implemented in two phases during the
27 period of July 1, 2000, through December 31, 2003. Various
28 funding sources are to be consolidated and distributed in an
29 annual payment or payments based upon the pilot project areas'
30 proportion of the statewide usage of the funding sources. The
31 first phase amounts are to be determined by December 30, 1999.
32 The second phase brings in state and federal funding for
33 mental health services under medical assistance (Medicaid).

34 The department and the participating areas are directed to
35 establish a risk pool for unanticipated costs. The risk pool

1 is to be administered by an oversight committee that is also
2 to provide general oversight of the pilot project. Membership
3 of the committee is specified.

4 The pilot project areas are to work with the department in
5 developing outcomes and performance measures for the project.
6 In addition, these areas are to contract for an independent
7 evaluation of the project to be funded by the department. A
8 final report is to be submitted concerning the pilot project
9 by February 15, 2003, and legislative intent is stated to use
10 the report to determine whether to terminate or continue the
11 project or to expand it statewide.

12 The bill provides an exemption from the application of
13 state law or administrative rules that are in conflict with or
14 apply to the funding sources for the pilot project. The
15 department is to amend its state plan for medical assistance
16 and to apply for various federal waivers in order to implement
17 the pilot project. In addition, the department is to amend
18 its contract for managed behavioral health care in order to
19 provide the funding for associated medical assistance-eligible
20 persons in pilot project areas. The bill provides that
21 implementation of the pilot project is not insurance and is
22 not subject to regulation by the insurance commissioner.

23 A fiscal year 1999-2000 appropriation is provided for
24 start-up and other implementation costs in the pilot project
25 areas.

26
27
28
29
30
31
32
33
34
35

MAR 12 1999

Place On Calendar

REPRINTED

HOUSE FILE 664
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO HSB 226)

Passed House, Date 3/31/99 (P.971)
Vote: Ayes 98 Nays 0
Approved May 20, 1999
Passed Senate, Date 4/14/99 (P.1133)
Vote: Ayes 49 Nays 0

A BILL FOR

1 An Act creating an adult mental health, mental retardation, and
2 developmental disabilities services funding decategorization
3 pilot project.

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

HF 664

664

1 Section 1. NEW SECTION. 331.440A ADULT MENTAL HEALTH,
2 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES
3 FUNDING DECATEGORIZATION PILOT PROJECT.

4 1. DEFINITIONS. For the purposes of this section, unless
5 the context requires otherwise:

6 a. "Department" means the department of human services.

7 b. "Pilot project areas" means the pilot project created
8 under this section involving the three-county or multicounty
9 single entry point process administrative areas designated in
10 accordance with this section.

11 c. "Target population" means any person who is a legal
12 resident of a pilot project county and meets all of the
13 following conditions:

14 (1) The person is eighteen years of age or older.
15 However, a person who is more than sixty-four years of age who
16 requires full-time nursing facility care shall not be included
17 in the target population.

18 (2) The person meets the state definitions and the
19 requirements under the pilot project county management plan
20 approved under section 331.439 as having mental illness,
21 chronic mental illness, or mental retardation or other
22 developmental disability.

23 (3) The person is eligible for assistance under the
24 federal supplemental security income program, the federal
25 supplemental security income program for persons with a
26 disability, or the pilot project county management plan
27 approved under section 331.439.

28 Any person who meets the conditions under subparagraphs
29 (1), (2), and (3), and is eligible for medical assistance
30 under chapter 249A, federal supplemental security income, or
31 the federal Medicare program, and any such person with
32 multiple disabilities or service needs, including substance
33 abuse treatment needs, shall be included in the target
34 population.

35 For purposes of determining the financial responsibility of

1 a pilot project county, a legal resident includes anyone
2 living in the county at the time services or other support are
3 provided who meets the other requirements of this paragraph
4 "c". A legal resident includes but is not limited to a person
5 who is homeless or living in a homeless shelter. However, if
6 an individual resides in a pilot project county as a result of
7 placement or referral for services or other support by another
8 county or the state, financial responsibility remains with the
9 other county or the state.

10 2. PROJECT ESTABLISHED. The department of human services
11 shall establish a pilot project for decategorizing the public
12 funding for adult mental health, mental retardation, and
13 developmental disabilities services in accordance with this
14 section. The pilot project shall include the three-county
15 single entry point process administrative areas designated for
16 decategorization planning under 1997 Iowa Acts, chapter 169,
17 section 13. Under the pilot project, each of the three
18 administrative areas shall receive an annual payment or
19 payments from the state consisting of the funding designated
20 in this section. The funding amounts and other requirements
21 under the pilot project shall be delineated in contracts
22 between the department and the counties involved in the pilot
23 project. The purpose of the pilot project is to facilitate
24 the utilization by the areas of the overall annual payment
25 amount together with other available funding, and thereby to
26 creatively meet the divergent needs of the target population
27 by providing services in the community.

28 3. COUNTY RESPONSIBILITIES.

29 a. A county participating in the pilot project is
30 responsible to provide or pay for services and other support
31 to appropriately address the needs of the target population
32 attributable to that county. This responsibility includes
33 clinical, administrative, and fiscal functions.

34 b. A pilot project area may choose among alternative
35 approaches in administering services under the pilot project.

1 The alternative approaches are any of the following:

2 (1) A case rate approach to purchase of services.

3 (2) A fee-for-service purchasing approach with an emphasis
4 on flexible, creative services.

5 (3) A mixed model involving both case rate and fee-for-
6 service approaches.

7 c. A pilot project area shall provide data and other
8 reports as provided in the contract with the department.

9 d. Moneys received by a county under the pilot project
10 shall be deposited in the county's services fund. Moneys
11 received that remain unencumbered or unobligated at the close
12 of the fiscal year shall remain available to be used to
13 benefit the county's target population in the succeeding
14 fiscal year.

15 e. Receipt and expenditures of moneys under the pilot
16 project shall be subject to examination during the regular
17 audit of the pilot project area counties performed in
18 accordance with chapter 11.

19 4. FUNDING -- PHASES. The department shall negotiate with
20 the pilot project areas to identify the annual funding amount
21 to be provided to the areas. The annual funding amount shall
22 be determined in accordance with a pilot project area's
23 relative share of the statewide expenditures for services and
24 other support paid by the funding sources included in the
25 pilot project plus the related administrative expenses. The
26 pilot project shall be implemented in two phases with the
27 first phase to commence July 1, 2000, and the second phase to
28 commence July 1, 2001. Both phases of the pilot project shall
29 end December 31, 2003. The phases of the pilot project shall
30 be implemented as follows:

31 a. In the first phase, the department and the pilot
32 project areas shall negotiate the specific annual funding
33 amounts to be provided to the areas. The department and the
34 pilot project areas shall provide any data or other
35 information necessary to accurately develop the amounts. The

1 funding amount for the first phase shall be determined by
2 December 30, 1999.

3 b. In the first phase, the mental health services funding
4 sources for the pilot project areas shall include but are not
5 limited to all of the following:

6 (1) The state share of the costs of care in the state
7 mental health institutes.

8 (2) The mental health portion of any federal grant funding
9 administered through the United States department of health
10 and human services.

11 (3) Federal social services block grant funding.

12 (4) State case funding.

13 (5) State funding for the purchase of local services for
14 persons with mental illness where the client has no
15 established county of legal settlement.

16 (6) State supplementary assistance funding.

17 c. In the first phase, the mental retardation and other
18 developmental disabilities services funding sources for the
19 pilot project areas shall include but are not limited to all
20 of the following:

21 (1) State and federal medical assistance funding for home
22 and community-based waiver services to persons with mental
23 retardation.

24 (2) The state share of the costs of care in the state
25 hospital-schools.

26 (3) State and federal medical assistance payments for
27 intermediate care facilities for persons with mental
28 retardation services.

29 (4) Federal social services block grant funding.

30 (5) State funding for the purchase of local services for
31 persons with mental retardation and other developmental
32 disabilities where the client has no established county of
33 legal settlement.

34 (6) State supplementary assistance funding.

35 d. In the second phase, all other medical assistance

1 funding for mental health services for the pilot project areas
2 shall be incorporated into the annual funding amount.

3 5. RISK POOL -- OVERSIGHT COMMITTEE.

4 a. The pilot project areas and department shall create and
5 commit funding to a central risk pool. The central risk pool
6 shall be used to cover unexpected costs resulting from an
7 unanticipated event such as a legal settlement requirement or
8 an exceptionally costly set of services or other support.
9 Access to this risk pool funding shall be subject to
10 authorization by the oversight committee.

11 b. An oversight committee shall be established to provide
12 general oversight of the pilot project and the risk pool. The
13 oversight committee shall consist of at least one service
14 consumer, one service provider, and one county supervisor
15 designee from each of the three pilot project areas, an
16 individual designated by the legislative council, and an
17 individual designated by the governor or the governor's
18 designee. If the individual designated by the legislative
19 council is a member of the general assembly, that member shall
20 be a nonvoting member.

21 6. OUTCOMES AND EVALUATION.

22 a. The pilot project participants and the department shall
23 agree on a set of outcomes and indicators to measure the
24 effect of the pilot project upon the system of care in those
25 counties. The pilot project areas shall annually report on
26 the implementation status of the outcomes and the performance
27 on the indicators. The report shall include any findings
28 identified by the oversight committee.

29 b. The department shall provide funding for the pilot
30 project areas to arrange for an independent evaluation of the
31 pilot project. The evaluation shall determine whether the
32 pilot project has improved services to the target population
33 in a cost-effective manner. The evaluation shall include a
34 focus on special populations such as persons who are homeless
35 or who have multiple disabilities or service needs.

1 c. A final report concerning the pilot project shall be
2 submitted to the governor and general assembly on or before
3 February 15, 2003. It is the intent of the general assembly
4 to use that report to determine whether to continue the pilot
5 project, terminate it, or implement the pilot project
6 provisions or a similar approach statewide.

7 7. LAW -- RULES -- IMPLEMENTATION.

8 a. If a provision of state law or administrative rule is
9 in conflict with a provision of this section, the provision of
10 this section shall prevail. State law and administrative
11 rules governing the funding sources specified in this section
12 are not applicable to use of the funding by the pilot project
13 counties.

14 b. The department shall amend the medical assistance state
15 plan and apply for federal waivers as necessary to implement
16 the provisions of this section.

17 c. The department shall amend its contract for managed
18 behavioral health care under medical assistance as necessary
19 to implement the second phase of the pilot project and for the
20 medical assistance-eligible persons covered under that
21 contract to instead be covered by the pilot project counties.

22 d. The pooling of funding sources and the provision of
23 services under this pilot project and implementation of a risk
24 pool as authorized in this section is not insurance and is not
25 subject to regulation under chapters 505 through 523C.

26 e. The department of human services shall amend the state
27 medical assistance plan or take other actions as necessary for
28 the pilot project areas to be able to draw federal funding for
29 the start-up and other costs to implement the pilot project.

30 EXPLANATION

31 This bill creates an adult mental health, mental
32 retardation, and developmental disabilities services funding
33 decategorization pilot project in the department of human
34 services to involve three-county and multicounty areas. The
35 counties involved were designated under a 1997 law authorizing

1 a planning process for the concepts in the bill. The county
2 and multicounty areas are Polk, Linn, and Tama/Poweshiek. The
3 purpose of the pilot project is to provide state and federal
4 funding in a lump sum to the involved counties to meet
5 individual needs in the community. The pilot project
6 provisions are codified in new Code section 331.440A, which is
7 part of the county home rule chapter.

8 The bill provides various definitions, including a
9 description of the target population to which the project is
10 directed. Under the application of this definition, a pilot
11 project area must fund or provide necessary services to
12 persons who are residents of the area, with certain
13 exceptions.

14 The department is directed to establish the pilot project
15 and the specific provisions are to be spelled out in contracts
16 with the participating counties.

17 County responsibilities under the pilot project include
18 fiscal, clinical, and administrative responsibilities;
19 choosing an approach for administering services; provision of
20 data; and use of any excess funding for specified purposes.

21 The project is to be implemented in two phases during the
22 period of July 1, 2000, through December 31, 2003. Various
23 funding sources are to be consolidated and distributed in an
24 annual payment or payments based upon the pilot project areas'
25 proportion of the statewide usage of the funding sources. The
26 first phase amounts are to be determined by December 30, 1999.
27 The second phase brings in state and federal funding for
28 mental health services under medical assistance (Medicaid).

29 The department and the participating areas are directed to
30 establish a risk pool for unanticipated costs. The risk pool
31 is to be administered by an oversight committee that is also
32 to provide general oversight of the pilot project. Membership
33 of the committee is specified.

34 The pilot project areas are to work with the department in
35 developing outcomes and performance measures for the project.

1 In addition, these areas are to contract for an independent
2 evaluation of the project to be funded by the department. A
3 final report is to be submitted concerning the pilot project
4 by February 15, 2003, and legislative intent is stated to use
5 the report to determine whether to terminate or continue the
6 project or to expand it statewide.

7 The bill provides an exemption from the application of
8 state law or administrative rules that are in conflict with or
9 apply to the funding sources for the pilot project. The
10 department is to amend its state plan for medical assistance
11 and to apply for various federal waivers in order to implement
12 the pilot project. In addition, the department is to amend
13 its contract for managed behavioral health care in order to
14 provide the funding for associated medical assistance-eligible
15 persons in pilot project areas. The bill provides that
16 implementation of the pilot project is not insurance and is
17 not subject to regulation by the insurance commissioner.

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

**HOUSE FILE 664
FISCAL NOTE**

A fiscal note for House File 664 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 664 establishes a pilot project for serving adults with mental health, mental retardation, and developmental disabilities needs within Polk, Linn, and Tama/Poweshiek counties. The pilot project is to blend various funding sources and have the local counties make expenditure and placement decisions.

ASSUMPTIONS

1. An additional 3.0 FTE positions would be needed in the Department of Human Services.
2. The counties involved in the pilot project would pay the full cost when utilizing State institutions.
3. Minimal additional federal funds will be available.
4. Limited one-time expenditures will occur for data gathering and calculation efforts.
5. State Hospital School revenues from the pilot project will remain with the State Hospital Schools due to net budgeting practices.
6. Utilization of State cases and of the Mental Health Institutes will remain at the same rate and not decrease compared to current utilization.
7. Pilot project counties will receive the county portion of the various State funded programs.

FISCAL IMPACT

The fiscal impact of House File 664 would be a General Fund cost of \$33,000 in FY 2000, \$3.0 million in FY 2001, and \$3.1 million in FY 2002.

For FY 2001 and FY 2002, the estimates assume all counties participating in the pilot project will transfer individuals currently receiving care at State Institutions back to services in their county of legal settlement. Moneys originally appropriated to support these individuals at State Institutions will follow the patients back to their county. Beds that become vacant due to these transfers will be filled with other patients.

However, if all counties participating in the pilot project retain individuals currently receiving care at State Institutions, the fiscal impact in FY 2001 would be \$357,000 less additional revenue of \$235,000 for a net cost of \$122,000. This cost is due to additional FTEs, actuarial services, and project evaluations required by the Bill.

For FY 2002, if all counties participating in the pilot project retain individuals receiving care at State Institutions, the cost for additional positions, project evaluations, and the managed care fiscal agent would be

-2-

\$684,000 less the additional revenue of \$399,000 for a net cost of \$285,000.

A breakdown of revenues and expenditures by fiscal year is provided below:

General Fund Revenues:

1. For FY 2000:

Federal Title XIX (Medicaid) Program \$ 82,000

. For FY 2001:

A. Federal Title XIX (Medicaid) Program \$ 235,000

B. County utilization of State Institutions 536,000

. For FY 2002:

A. Federal Title XIX (Medicaid) Program \$ 399,000

B. County utilization of State Institutions 536,000

General Fund Expenditures:

. For FY 2000:

A. Programming costs \$ 15,000

B. Fiscal agent programming costs 100,000

. For FY 2001:

A. Personnel costs for 3.0 FTE positions \$ 160,000

B. Support costs 18,000

C. County utilization of State Mental Health Inst. 2,700,000

D. Additional State cases at State Hospital Schools 695,000

E. Actuarial costs under the Iowa Plan 120,000

F. Independent project evaluations 60,000

. For FY 2002:

A. Personnel costs \$ 160,000

B. Support costs 5,000

C. County utilization of State Mental Health Inst. 2,700,000

D. State cases at the State Hospital Schools 695,000

E. Independent project evaluations 60,000

F. Managed health care fiscal agent services 459,000

SOURCE

Department of Human Services

(LSB 2017hv, SLL)

FILED MARCH 31, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 664

H-1292

1 Amend House File 664 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 331.440A ADULT MENTAL
5 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
6 DISABILITIES SERVICES FUNDING DECATEGORIZATION PILOT
7 PROJECT.

8 1. DEFINITIONS. For the purposes of this section,
9 unless the context requires otherwise:

10 a. "Department" means the department of human
11 services.

12 b. "Pilot project areas" means the pilot project
13 created under this section involving the three-county
14 or multicounty single entry point process
15 administrative areas designated in accordance with
16 this section.

17 c. "Target population" means any person who is a
18 legal resident of a pilot project county and meets
19 both of the following conditions:

20 (1) The person is eighteen years of age or older.
21 However, a person who is more than sixty-four years of
22 age who requires full-time nursing facility care shall
23 not be included in the target population.

24 (2) The person is eligible for assistance under
25 the pilot project county management plan approved
26 under section 331.439.

27 2. PURPOSE. The purpose of the pilot project is
28 to improve outcomes for service consumers by allowing
29 pilot project counties to administer overall projected
30 funding from state and federal sources together with
31 other available funding, and by reducing or
32 eliminating unnecessary barriers associated with
33 funding sources, and thereby to creatively meet the
34 divergent, individual needs of service consumers in
35 the community.

36 3. PROJECT ESTABLISHED. The department of human
37 services shall establish a pilot project for
38 decategorizing the public funding for adult mental
39 health, mental retardation, and developmental
40 disabilities services in accordance with this section.
41 The pilot project shall include the three-county
42 single entry point process administrative areas
43 designated for decategorization planning under 1997
44 Iowa Acts, chapter 169, section 13. Under the pilot
45 project, a projected funding amount for a fiscal year
46 shall be developed for each of the three
47 administrative areas, from the funding sources
48 designated in this section. The projected funding
49 amount for a fiscal year, manner of payment, and other
50 provisions of the pilot project shall be delineated in

H-1292

H-1292

Page 2

1 contracts between the department and the counties
2 involved in the pilot project.

3 4. COUNTY MANAGEMENT PLAN. The counties
4 participating in the pilot project shall amend their
5 county management plans approved under section 331.439
6 to be applicable to the period of the pilot project.
7 Unless a change in federal or state funding provisions
8 reduces the availability of funding, a pilot project
9 county's management plan eligibility provisions shall
10 not be more restrictive than the provisions in effect
11 as of June 30, 1999. The amended county management
12 plans shall address the service needs of the
13 populations served under the funding sources included
14 in the pilot project beginning with the applicable
15 phase.

16 For purposes of determining the financial
17 responsibility of a pilot project county, a legal
18 resident includes anyone living in the county at the
19 time services or other support are provided who is a
20 member of the target population. A legal resident
21 includes but is not limited to a person who is
22 homeless or living in a homeless shelter. However, if
23 an individual resides in a pilot project county as a
24 result of placement or referral for services or other
25 support by another county or another state, financial
26 responsibility remains with the other county or other
27 state.

28 5. COUNTY RESPONSIBILITIES.

29 a. A county participating in the pilot project is
30 responsible to provide or pay for services and other
31 support to appropriately address the needs of the
32 target population attributable to that county. This
33 responsibility includes accountability for clinical,
34 administrative, and fiscal functions.

35 b. A pilot project area may choose among
36 alternative approaches in administering services under
37 the pilot project. The alternative approaches include
38 but are not limited to any of the following:

39 (1) A case rate approach to purchase of services.

40 (2) A fee-for-service purchasing approach with an
41 emphasis on flexible, creative services.

42 (3) A mixed model involving both case rate and
43 fee-for-service approaches.

44 c. A pilot project area shall provide data and
45 other reports as provided in the contract with the
46 department.

47 d. Moneys received by a county under the pilot
48 project shall be deposited in the county's services
49 fund. Moneys received that remain unencumbered or
50 unobligated at the close of the fiscal year shall

H-1292

-2-

H-1292

Page 3

1 remain available to be used to benefit the county's
2 target population in the succeeding fiscal year.

3 e. Receipt and expenditures of moneys under the
4 pilot project shall be subject to examination during
5 the regular audit of the pilot project area counties
6 performed in accordance with chapter 11.

7 6. FUNDING -- PHASES. The department shall
8 negotiate with the pilot project areas to identify the
9 projected funding amount to be provided to the areas
10 for a fiscal year. The projected funding amount shall
11 be determined in accordance with a pilot project
12 area's relative share of the statewide expenditures
13 for services and other support paid by the funding
14 sources included in the pilot project plus the related
15 administrative expenses. Unless the commencement
16 dates are delayed due to a determination by the
17 oversight committee, the pilot project funding shall
18 be implemented in two phases with the first phase to
19 commence July 1, 2000, and the second phase to
20 commence July 1, 2001, as provided in paragraph "d".
21 Both phases of the pilot project shall end December
22 31, 2003. The phases of the pilot project shall be
23 implemented as follows:

24 a. In the first phase, the department and the
25 pilot project areas shall negotiate the specific
26 projected funding amounts to be provided to each area.
27 The department and the pilot project areas shall
28 provide any data or other information necessary to
29 accurately develop the projected amounts. The funding
30 amount for the first phase shall be determined by
31 December 30, 1999.

32 b. In the first phase, the mental health services
33 funding sources for the pilot project areas shall
34 include but are not limited to all of the following:

35 (1) The state share of the costs of care in the
36 state mental health institutes.

37 (2) The mental health portion of any federal grant
38 funding administered through the United States
39 department of health and human services.

40 (3) Federal social services block grant funding.

41 (4) State case funding.

42 (5) State funding for the purchase of local
43 services for persons with mental illness where the
44 client has no established county of legal settlement.

45 (6) State supplementary assistance funding.

46 (7) To the extent allowed by the federal
47 government, the mental health portion of federal
48 funding provided for vocational rehabilitation of
49 individuals with disabilities.

50 c. In the first phase, the mental retardation and

H-1292

-3-

H-1292

Page 4

1 other developmental disabilities services funding
2 sources for the pilot project areas shall include but
3 are not limited to all of the following:
4 (1) State and federal medical assistance funding
5 for home and community-based waiver services to
6 persons with mental retardation.
7 (2) The state share of the costs of care in the
8 state hospital-schools.
9 (3) State and federal medical assistance payments
10 for intermediate care facilities for persons with
11 mental retardation services.
12 (4) Federal social services block grant funding.
13 (5) State funding for the purchase of local
14 services for persons with mental retardation and other
15 developmental disabilities where the client has no
16 established county of legal settlement.
17 (6) State supplementary assistance funding.
18 (7) To the extent allowed by the federal
19 government, the mental retardation and other
20 developmental disabilities portion of federal funding
21 provided for vocational rehabilitation of persons with
22 disabilities.
23 d. In the second phase, all other medical
24 assistance funding for mental health services for the
25 pilot project areas shall be incorporated into the
26 annual projected funding amount. Implementation of
27 the second phase shall be subject to enactment by the
28 general assembly of an implementation authorization.
29 7. OVERSIGHT COMMITTEE.
30 a. An oversight committee shall be established to
31 provide general oversight of the pilot project and the
32 risk pool and to perform the duties outlined in this
33 subsection. The oversight committee shall consist of
34 the following members:
35 (1) At least one service consumer, one service
36 provider, and one county supervisor from each of the
37 three pilot project areas, designated by the county
38 board of supervisors.
39 (2) An individual designated by the governor.
40 (3) One individual designated by the division of
41 medical services of the department of human services
42 and one individual designated by the division of
43 mental health and developmental disabilities of the
44 department of human services.
45 (4) An individual designated by the legislative
46 council. If the individual designated by the
47 legislative council is a member of the general
48 assembly, that member shall be a nonvoting member.
49 b. The oversight committee shall have the
50 following duties and responsibilities:

H-1292

-4-

H-1292

Page 5

1 (1) The oversight committee may make a
2 determination that implementation by the department of
3 human services of a significant funding provision such
4 as the rehabilitation option for persons with chronic
5 mental illness or a waiver under the medical
6 assistance program or another good cause reason
7 justifies delay of the implementation of the pilot
8 project phases as provided in subsection 6. If such a
9 determination is made, the department of human
10 services and pilot project counties shall delay
11 implementation of the pilot project phases until a
12 date identified by the oversight committee.

13 (2) The oversight committee shall arrange for an
14 independent evaluation of the pilot project in
15 accordance with subsection 9.

16 (3) The oversight committee shall provide
17 assistance to the pilot project counties, the
18 department of human services, and other interested
19 persons concerning implementation of the pilot
20 project.

21 (4) The oversight committee shall perform
22 functions for the risk pool in accordance with
23 subsection 8.

24 8. RISK POOL. In order to augment assistance from
25 the risk pool of the property tax relief fund for
26 which the pilot project counties may be eligible under
27 section 426B.5, the pilot project administrative areas
28 shall create and commit funding to a pilot project
29 risk pool. The pilot project risk pool shall be used
30 to cover unexpected costs resulting from an
31 unanticipated event such as a legal settlement
32 requirement or need for an exceptionally costly set of
33 services or other support. Funding shall be committed
34 on the basis of a percentage of the pilot project
35 counties overall budget for services under the
36 counties' management plan with an annual maximum
37 percentage for each area and an overall combined
38 percentage maximum, as determined by the pilot project
39 counties in consultation with the oversight committee.
40 Expenditure of this risk pool funding shall be subject
41 to authorization by the oversight committee.

42 9. OUTCOMES AND EVALUATION.

43 a. In consultation with the oversight committee,
44 the pilot project participants and the department
45 shall agree on a set of outcomes and indicators to
46 measure the effect of the pilot project upon the
47 system of care in those counties. The department and
48 pilot project areas shall annually report to the
49 governor and general assembly by December 15 on the
50 implementation status of the pilot project and the

H-1292

-5-

1 performance on the indicators. The report shall
2 include any findings identified by the oversight
3 committee.

4 b. The oversight committee shall arrange for an
5 independent evaluation of the pilot project. The
6 evaluation shall assess the quality of services as
7 well as the cost-effectiveness of the pilot project.
8 The evaluation shall include a focus on special
9 populations such as persons who are homeless or who
10 have multiple disabilities or service needs.

11 c. A final report concerning the pilot project
12 shall be submitted by the department and the pilot
13 project areas to the governor and general assembly.
14 It is the intent of the general assembly to use that
15 report to determine whether to continue the pilot
16 project, revise it, terminate it, or implement the
17 pilot project provisions or a similar approach
18 statewide.

19 10. LAW -- RULES -- IMPLEMENTATION.

20 a. If a provision of state law or administrative
21 rule is in conflict with a provision of this section,
22 the provision of this section shall prevail. State
23 law and administrative rules governing the funding
24 sources specified in this section are not applicable
25 to use of the funding by the pilot project counties.

26 b. The department shall amend the medical
27 assistance state plan and apply for federal waivers as
28 necessary to implement the provisions of this section.

29 c. The department shall amend its contract for
30 managed behavioral health care under medical
31 assistance as necessary to implement the second phase
32 of the pilot project and for the medical assistance-
33 eligible persons covered under that contract to
34 instead be covered by the pilot project counties.

35 d. The pooling of funding sources and the
36 provision of services under this pilot project and
37 implementation of a risk pool as authorized in this
38 section is not insurance and is not subject to
39 regulation under chapters 505 through 523C.

40 e. The department of human services shall amend
41 the state medical assistance plan, implement federal
42 waivers, or take other actions as necessary for the
43 pilot project areas to be able to draw federal funding
44 for the start-up and other costs to implement the
45 pilot project.

46 f. The department shall give consideration to
47 implementing a rehabilitation option under the medical
48 assistance program for persons with chronic mental
49 illness.

50 g. The requirements of this section may be adapted

1 as necessary to comply with federal law, regulation,
2 or other requirements in order to assure federal
3 financial participation in the pilot project."

4 2. By renumbering as necessary.

Adopted 3/31/99 (P. 77) By HOUSER of Pottawattamie
MYERS of Johnson
H-1292 FILED MARCH 29, 1999

5-3, 9
S-4/1/99 Amend/DO Pass W/S-3217

HOUSE FILE 664
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO HSB 226)

(As Amended and Passed by the House, March 31, 1999)

Passed House, Date 4/15/99 Passed Senate, Date 4/14/99
Vote: Ayes 91 Nays 0 Vote: Ayes 49 Nays 0
Approved May 20, 1999

A BILL FOR

1 An Act creating an adult mental health, mental retardation, and
2 developmental disabilities services funding decategorization
3 pilot project.

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

ALL NEW LANGUAGE BY THE HOUSE

HF 664

1 Section 1. NEW SECTION. 331.440A ADULT MENTAL HEALTH,
2 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES
3 FUNDING DECATEGORIZATION PILOT PROJECT.

4 1. DEFINITIONS. For the purposes of this section, unless
5 the context requires otherwise:

6 a. "Department" means the department of human services.

7 b. "Pilot project areas" means the pilot project created
8 under this section involving the three-county or multicounty
9 single entry point process administrative areas designated in
10 accordance with this section.

11 c. "Target population" means any person who is a legal
12 resident of a pilot project county and meets both of the
13 following conditions:

14 (1) The person is eighteen years of age or older.

15 However, a person who is more than sixty-four years of age who
16 requires full-time nursing facility care shall not be included
17 in the target population.

18 (2) The person is eligible for assistance under the pilot
19 project county management plan approved under section 331.439.

20 2. PURPOSE. The purpose of the pilot project is to
21 improve outcomes for service consumers by allowing pilot
22 project counties to administer overall projected funding from
23 state and federal sources together with other available
24 funding, and by reducing or eliminating unnecessary barriers
25 associated with funding sources, and thereby to creatively
26 meet the divergent, individual needs of service consumers in
27 the community.

28 3. PROJECT ESTABLISHED. The department of human services
29 shall establish a pilot project for decategorizing the public
30 funding for adult mental health, mental retardation, and
31 developmental disabilities services in accordance with this
32 section. The pilot project shall include the three-county
33 single entry point process administrative areas designated for
34 decategorization planning under 1997 Iowa Acts, chapter 169,
35 section 13. Under the pilot project, a projected funding

1 amount for a fiscal year shall be developed for each of the
2 three administrative areas, from the funding sources
3 designated in this section. The projected funding amount for
4 a fiscal year, manner of payment, and other provisions of the
5 pilot project shall be delineated in contracts between the
6 department and the counties involved in the pilot project.

7 4. COUNTY MANAGEMENT PLAN. The counties participating in
8 the pilot project shall amend their county management plans
9 approved under section 331.439 to be applicable to the period
10 of the pilot project. Unless a change in federal or state
11 funding provisions reduces the availability of funding, a
12 pilot project county's management plan eligibility provisions
13 shall not be more restrictive than the provisions in effect as
14 of June 30, 1999. The amended county management plans shall
15 address the service needs of the populations served under the
16 funding sources included in the pilot project beginning with
17 the applicable phase.

18 For purposes of determining the financial responsibility of
19 a pilot project county, a legal resident includes anyone
20 living in the county at the time services or other support are
21 provided who is a member of the target population. A legal
22 resident includes but is not limited to a person who is
23 homeless or living in a homeless shelter. However, if an
24 individual resides in a pilot project county as a result of
25 placement or referral for services or other support by another
26 county or another state, financial responsibility remains with
27 the other county or other state.

28 5. COUNTY RESPONSIBILITIES.

29 a. A county participating in the pilot project is
30 responsible to provide or pay for services and other support
31 to appropriately address the needs of the target population
32 attributable to that county. This responsibility includes
33 accountability for clinical, administrative, and fiscal
34 functions.

35 b. A pilot project area may choose among alternative

1 approaches in administering services under the pilot project.
2 The alternative approaches include but are not limited to any
3 of the following:

- 4 (1) A case rate approach to purchase of services.
- 5 (2) A fee-for-service purchasing approach with an emphasis
6 on flexible, creative services.
- 7 (3) A mixed model involving both case rate and fee-for-
8 service approaches.

9 c. A pilot project area shall provide data and other
10 reports as provided in the contract with the department.

11 d. Moneys received by a county under the pilot project
12 shall be deposited in the county's services fund. Moneys
13 received that remain unencumbered or unobligated at the close
14 of the fiscal year shall remain available to be used to
15 benefit the county's target population in the succeeding
16 fiscal year.

17 e. Receipt and expenditures of moneys under the pilot
18 project shall be subject to examination during the regular
19 audit of the pilot project area counties performed in
20 accordance with chapter 11.

21 6. FUNDING -- PHASES. The department shall negotiate with
22 the pilot project areas to identify the projected funding
23 amount to be provided to the areas for a fiscal year. The
24 projected funding amount shall be determined in accordance
25 with a pilot project area's relative share of the statewide
26 expenditures for services and other support paid by the
27 funding sources included in the pilot project plus the related
28 administrative expenses. Unless the commencement dates are
29 delayed due to a determination by the oversight committee, the
30 pilot project funding shall be implemented in two phases with
31 the first phase to commence July 1, 2000, and the second phase
32 to commence July 1, 2001, as provided in paragraph "d". Both
33 phases of the pilot project shall end December 31, 2003. The
34 phases of the pilot project shall be implemented as follows:

35 a. In the first phase, the department and the pilot

1 project areas shall negotiate the specific projected funding
2 amounts to be provided to each area. The department and the
3 pilot project areas shall provide any data or other
4 information necessary to accurately develop the projected
5 amounts. The funding amount for the first phase shall be
6 determined by December 30, 1999.

7 b. In the first phase, the mental health services funding
8 sources for the pilot project areas shall include but are not
9 limited to all of the following:

10 (1) The state share of the costs of care in the state
11 mental health institutes.

12 (2) The mental health portion of any federal grant funding
13 administered through the United States department of health
14 and human services.

15 (3) Federal social services block grant funding.

16 (4) State case funding.

17 (5) State funding for the purchase of local services for
18 persons with mental illness where the client has no
19 established county of legal settlement.

20 (6) State supplementary assistance funding.

21 (7) To the extent allowed by the federal government, the
22 mental health portion of federal funding provided for
23 vocational rehabilitation of individuals with disabilities.

24 c. In the first phase, the mental retardation and other
25 developmental disabilities services funding sources for the
26 pilot project areas shall include but are not limited to all
27 of the following:

28 (1) State and federal medical assistance funding for home
29 and community-based waiver services to persons with mental
30 retardation.

31 (2) The state share of the costs of care in the state
32 hospital-schools.

33 (3) State and federal medical assistance payments for
34 intermediate care facilities for persons with mental
35 retardation services.

- 1 (4) Federal social services block grant funding.
- 2 (5) State funding for the purchase of local services for
3 persons with mental retardation and other developmental
4 disabilities where the client has no established county of
5 legal settlement.
- 6 (6) State supplementary assistance funding.
- 7 (7) To the extent allowed by the federal government, the
8 mental retardation and other developmental disabilities
9 portion of federal funding provided for vocational
10 rehabilitation of persons with disabilities.
- 11 d. In the second phase, all other medical assistance
12 funding for mental health services for the pilot project areas
13 shall be incorporated into the annual projected funding
14 amount. Implementation of the second phase shall be subject
15 to enactment by the general assembly of an implementation
16 authorization.
- 17 7. OVERSIGHT COMMITTEE.
- 18 a. An oversight committee shall be established to provide
19 general oversight of the pilot project and the risk pool and
20 to perform the duties outlined in this subsection. The
21 oversight committee shall consist of the following members:
- 22 (1) At least one service consumer, one service provider,
23 and one county supervisor from each of the three pilot project
24 areas, designated by the county board of supervisors.
- 25 (2) An individual designated by the governor.
- 26 (3) One individual designated by the division of medical
27 services of the department of human services and one
28 individual designated by the division of mental health and
29 developmental disabilities of the department of human
30 services.
- 31 (4) An individual designated by the legislative council.
32 If the individual designated by the legislative council is a
33 member of the general assembly, that member shall be a
34 nonvoting member.
- 35 b. The oversight committee shall have the following duties

1 and responsibilities:

2 (1) The oversight committee may make a determination that
3 implementation by the department of human services of a
4 significant funding provision such as the rehabilitation
5 option for persons with chronic mental illness or a waiver
6 under the medical assistance program or another good cause
7 reason justifies delay of the implementation of the pilot
8 project phases as provided in subsection 6. If such a
9 determination is made, the department of human services and
10 pilot project counties shall delay implementation of the pilot
11 project phases until a date identified by the oversight
12 committee.

13 (2) The oversight committee shall arrange for an
14 independent evaluation of the pilot project in accordance with
15 subsection 9.

16 (3) The oversight committee shall provide assistance to
17 the pilot project counties, the department of human services,
18 and other interested persons concerning implementation of the
19 pilot project.

20 (4) The oversight committee shall perform functions for
21 the risk pool in accordance with subsection 8.

22 8. RISK POOL. In order to augment assistance from the
23 risk pool of the property tax relief fund for which the pilot
24 project counties may be eligible under section 426B.5, the
25 pilot project administrative areas shall create and commit
26 funding to a pilot project risk pool. The pilot project risk
27 pool shall be used to cover unexpected costs resulting from an
28 unanticipated event such as a legal settlement requirement or
29 need for an exceptionally costly set of services or other
30 support. Funding shall be committed on the basis of a
31 percentage of the pilot project counties overall budget for
32 services under the counties' management plan with an annual
33 maximum percentage for each area and an overall combined
34 percentage maximum, as determined by the pilot project
35 counties in consultation with the oversight committee.

1 Expenditure of this risk pool funding shall be subject to
2 authorization by the oversight committee.

3 9. OUTCOMES AND EVALUATION.

4 a. In consultation with the oversight committee, the pilot
5 project participants and the department shall agree on a set
6 of outcomes and indicators to measure the effect of the pilot
7 project upon the system of care in those counties. The
8 department and pilot project areas shall annually report to
9 the governor and general assembly by December 15 on the
10 implementation status of the pilot project and the performance
11 on the indicators. The report shall include any findings
12 identified by the oversight committee.

13 b. The oversight committee shall arrange for an
14 independent evaluation of the pilot project. The evaluation
15 shall assess the quality of services as well as the cost-
16 effectiveness of the pilot project. The evaluation shall
17 include a focus on special populations such as persons who are
18 homeless or who have multiple disabilities or service needs.

19 c. A final report concerning the pilot project shall be
20 submitted by the department and the pilot project areas to the
21 governor and general assembly. It is the intent of the
22 general assembly to use that report to determine whether to
23 continue the pilot project, revise it, terminate it, or
24 implement the pilot project provisions or a similar approach
25 statewide.

26 10. LAW -- RULES -- IMPLEMENTATION.

27 a. If a provision of state law or administrative rule is
28 in conflict with a provision of this section, the provision of
29 this section shall prevail. State law and administrative
30 rules governing the funding sources specified in this section
31 are not applicable to use of the funding by the pilot project
32 counties.

33 b. The department shall amend the medical assistance state
34 plan and apply for federal waivers as necessary to implement
35 the provisions of this section.

1 c. The department shall amend its contract for managed
2 behavioral health care under medical assistance as necessary
3 to implement the second phase of the pilot project and for the
4 medical assistance-eligible persons covered under that
5 contract to instead be covered by the pilot project counties.

6 d. The pooling of funding sources and the provision of
7 services under this pilot project and implementation of a risk
8 pool as authorized in this section is not insurance and is not
9 subject to regulation under chapters 505 through 523C.

10 e. The department of human services shall amend the state
11 medical assistance plan, implement federal waivers, or take
12 other actions as necessary for the pilot project areas to be
13 able to draw federal funding for the start-up and other costs
14 to implement the pilot project.

15 f. The department shall give consideration to implementing
16 a rehabilitation option under the medical assistance program
17 for persons with chronic mental illness.

18 g. The requirements of this section may be adapted as
19 necessary to comply with federal law, regulation, or other
20 requirements in order to assure federal financial
21 participation in the pilot project.

22

23

24

25

26

27

28

29

30

31

32

33

34

35



HOUSE FILE 664

S-3217

1 Amend House File 664, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "DIVISION I
6 ADULT MH/MR/DD SERVICES FUNDING PILOT PROJECT".

7 2. Page 5, by striking line 24 and inserting the
8 following: "areas, designated by the governor."

9 3. Page 8, by inserting after line 21 the
10 following:

11 "DIVISION
12 MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES
13 COMMISSION

14 Sec. _____. Section 225C.4, subsection 1, paragraph
15 p, Code 1999, is amended to read as follows:

16 p. Recommend ~~and-enforce~~ to the commission minimum
17 accreditation standards for the maintenance and
18 operation of community mental health centers,
19 services, and programs under section 230A.16. The
20 administrator's review and evaluation of the centers,
21 services, and programs for compliance with the adopted
22 standards shall be as provided in section 230A.17.

23 Sec. _____. Section 225C.4, subsection 1, Code 1999,
24 is amended by adding the following new paragraph:

25 NEW PARAGRAPH. pp. Recommend to the commission
26 minimum standards for supported community living
27 services. The administrator shall review and evaluate
28 the services for compliance with the adopted
29 standards.

30 Sec. _____. Section 225C.6, subsection 1, paragraph
31 c, Code 1999, is amended to read as follows:

32 c. Adopt standards for community mental health
33 centers, services, and programs as recommended under
34 section 230A.16. The commission shall determine
35 whether to grant, deny, or revoke the accreditation of
36 the centers, services, and programs.

37 Sec. _____. Section 225C.6, subsection 1, paragraph
38 1, Code 1999, is amended to read as follows:

39 1. Establish standards for the provision under
40 medical assistance of individual case management
41 services. The commission shall determine whether to
42 grant, deny, or revoke the accreditation of the
43 services.

44 Sec. _____. Section 225C.21, subsection 2, Code
45 1999, is amended to read as follows:

46 2. The ~~department~~ commission shall adopt rules
47 pursuant to chapter 17A establishing minimum standards
48 for the ~~programming~~ of supported community living
49 services. The ~~department~~ commission shall ~~approve-all~~
50 determine whether to grant, deny, or revoke approval

S-3217

S-3217

Page 2

1 ~~for any supported community living services-which-meet~~
2 ~~the-minimum-standards service.~~

DIVISION

STATE-COUNTY MANAGEMENT COMMITTEE

5 Sec. _____. Section 331.438, subsection 4, paragraph
6 b, unnumbered paragraph 1, Code 1999, is amended to
7 read as follows:

8 The management committee shall consist of ~~not-more~~
9 ~~than-twelve~~ thirteen voting members as follows:

10 Sec. _____. Section 331.438, subsection 4, paragraph
11 b, subparagraph (1), Code 1999, is amended to read as
12 follows:

13 (1) ~~An-equal-number-of-not-more-than-nine~~ Four
14 members shall be appointed by the director of human
15 services and. Four members shall be appointed by the
16 Iowa state association of counties and-one-additional
17 ~~member-shall-be-jointly-appointed-by-both-entities.~~
18 Members appointed by the Iowa state association of
19 counties shall be selected from a pool nominated by
20 the county supervisor affiliate of the association
21 with four members from the affiliate. The affiliate
22 shall select the nominees through a secret ballot
23 process. In addition, two members shall be appointed
24 by the community services affiliate of the Iowa state
25 association of counties.

26 Sec. _____. Section 331.438, subsection 4, paragraph
27 b, subparagraph (4), Code 1999, is amended to read as
28 follows:

29 (4) A member who is not a legislator shall have
30 expenses and other costs paid by the state or the
31 county entity that the member represents. The
32 committee shall ~~establish-terms-for-its-members,~~ elect
33 officers, adopt operating procedures, and meet as
34 deemed necessary by the committee. Terms of office
35 for the appointed voting members of the committee are
36 three years and shall be staggered. A vacancy on the
37 committee shall be filled in the same manner as the
38 original appointment.

39 Sec. _____. SERVICE SYSTEM ISSUES. The state-county
40 management committee shall create a task force to
41 consider issues and options regarding statewide
42 eligibility standards, identification of core or basic
43 services to be made reasonably available statewide,
44 statewide equity and other considerations associated
45 with distributing state funding, implementation of
46 funding decategorization, changes in the membership
47 composition of the committee, legal settlement issues,
48 improved utilization of available funding streams, and
49 the allowed growth recommendation process. In
50 considering the allowed growth recommendation process,

S-3217

S-3217

Page 3

1 the task force shall review the divergence between
2 unmet needs in the service delivery system and county
3 expenditure trends and shall make specific
4 recommendations as to how allowed growth funding can
5 best be distributed to address services that are not
6 adequately funded and population groups that are not
7 served or are underserved. The committee shall
8 consider the task force report and incorporate the
9 committee's findings and recommendations on these
10 topics in the committee's annual report to the
11 governor and general assembly on January 1, 2000.
12 Sec. _____. STAGGERED TERMS. Effective July 1,
13 1999, the appointing authorities for the state-county
14 management committee shall provide by mutual agreement
15 for the staggering of the terms of voting members of
16 the committee so that the terms of at least four
17 members expire each year. Based on this mutual
18 agreement, the terms of individuals who are voting
19 members of the committee as of June 30, 1999, shall
20 either expire June 30, 1999, or be for one, two, or
21 three years beginning on July 1, 1999. The terms of
22 the two members appointed by the community services
23 affiliate of the Iowa state association of counties
24 shall commence July 1, 1999. This section takes
25 effect June 30, 1999.

DIVISION

COUNTY MANAGEMENT PLAN PROVISIONS

28 Sec. _____. Section 331.439, subsection 1, paragraph
29 b, Code 1999, is amended to read as follows:
30 b. The county developed and implemented a county
31 management plan for the county's mental health, mental
32 retardation, and developmental disabilities services
33 in accordance with the provisions of this paragraph
34 "b". The plan shall comply with the administrative
35 rules adopted for this purpose by the council on human
36 services and is subject to the approval of the
37 director of human services in consultation with the
38 state-county management committee created in section
39 331.438. The plan shall include a description of the
40 county's service management provision for mental
41 health, mental retardation, and developmental
42 disabilities services. For mental retardation and
43 developmental disabilities service management, the
44 plan shall describe the county's development and
45 implementation of a managed system of cost-effective
46 individualized services and shall comply with the
47 provisions of paragraph "d". The goal of this part of
48 the plan shall be to assist the individuals served to
49 be as independent, productive, and integrated into the
50 community as possible. The service management

S-3217

-3-

S-3217

Page 4

1 provisions for mental health shall comply with the
2 provisions of paragraph "c". A county is subject to
3 all of the following provisions in regard to the
4 county's management plan and planning process:

5 (1) The county shall have in effect an approved
6 policies and procedures manual for the county's
7 services fund. The county management plan shall be
8 defined in the manual. The manual submitted by the
9 county as part of the county's management plan for the
10 fiscal year beginning July 1, 2000, as approved by the
11 director of human services, shall remain in effect,
12 subject to amendment. An amendment to the manual
13 shall be submitted to the department of human services
14 at least forty-five days prior to the date of
15 implementation. Prior to implementation of any
16 amendment to the manual, the amendment must be
17 approved by the director of human services in
18 consultation with the state-county management
19 committee.

20 (2) For informational purposes, the county shall
21 submit a management plan review to the department of
22 human services by April 1 of each year. The annual
23 review shall incorporate an analysis of the data
24 associated with the services managed during the
25 preceding fiscal year by the county or by a managed
26 care entity on behalf of the county.

27 (3) For informational purposes, every three years
28 the county shall submit to the department of human
29 services a three-year strategic plan. The strategic
30 plan shall describe how the county will proceed to
31 attain the goals and objectives contained in the
32 strategic plan for the duration of the plan. The
33 three-year strategic plan shall be submitted by April
34 1, 2000, and by April 1 of every third year
35 thereafter.

36 Sec. ____. Section 331.439, subsection 1, paragraph
37 c, subparagraph (1), Code 1999, is amended to read as
38 follows:

39 (1) For mental health service management, the
40 county may either directly implement a system of
41 service management and contract with service
42 providers, or contract with a private entity to manage
43 the system, provided all requirements of this lettered
44 paragraph are met by the private entity. The mental
45 health service management shall incorporate a single
46 entry point and clinical assessment process developed
47 in accordance with the provisions of section 331.440.
48 The county shall submit this part of the plan to the
49 department of human services for approval by April 1
50 for the succeeding year. -- Initially, this part of the

S-3217

-4-

S-3217

Page 5

~~1 plan shall be submitted to the department by April 1,~~
~~2 1996, and the county shall implement the approved plan~~
~~3 by July 1, 1996.~~

4 Sec. _____. Section 331.439, subsection 1,
5 paragraphs d and e, Code 1999, are amended to read as
6 follows:

7 d. For mental retardation and developmental
8 disabilities services management, the county must
9 either develop and implement a managed system of care
10 which addresses a full array of appropriate services
11 and cost-effective delivery of services or contract
12 with a state-approved managed care contractor or
13 contractors. Any system or contract implemented under
14 this paragraph shall incorporate a single entry point
15 and clinical assessment process developed in
16 accordance with the provisions of section 331.440.
17 The elements of the managed system of care and the
18 state-approved managed care contract or contracts
19 shall be specified in rules developed by the
20 department of human services in consultation with the
21 state-county management committee and adopted by the
22 council on human services. ~~Initially, this part of~~
~~23 the plan shall be submitted to the department for~~
~~24 approval on or before October 1, 1996, and shall be~~
~~25 implemented on or before January 1, 1997. In fiscal~~
~~26 years succeeding the fiscal year of initial~~
~~27 implementation, this part of the plan shall be~~
~~28 submitted to the department of human services for~~
~~29 approval by April 1 for the succeeding fiscal year.~~
30 e. ~~Changes to the approved plan are submitted at~~
~~31 least sixty days prior to the proposed change and are~~
~~32 not to be implemented prior to the director of human~~
~~33 services' approval.~~

34 Sec. _____. EFFECTIVE DATE -- APPLICABILITY. This
35 division of this Act takes effect July 1, 2000, except
36 that the management plan and planning process
37 provisions under section 331.439, as amended by this
38 division of this Act, take effect upon enactment and
39 are applicable for purposes of preparation and
40 submission of the management plan by April 1, 2000,
41 for the fiscal year beginning July 1, 2000.

DIVISION

RESIDENTIAL CARE FACILITIES FOR PERSONS WITH MENTAL
RETARDATION

45 Sec. _____. Section 135C.6, subsection 8, paragraphs
46 a and b, Code 1999, are amended to read as follows:

47 a. A residential program which provides care to
48 not more than four individuals and receives moneys
49 appropriated to the department of human services under
50 provisions of a federally approved home and community-

S-3217

-5-

S-3217

Page 6

1 based services waiver for persons with mental
2 retardation or other medical assistance program under
3 chapter 249A. In approving a residential program
4 under this paragraph, the department of human services
5 shall consider the geographic location of the program
6 so as to avoid an overconcentration of such programs
7 in an area. In order to be approved under this
8 paragraph, a residential program shall not be required
9 to involve the conversion of a licensed residential
10 care facility for persons with mental retardation.

11 b. A total of twenty forty residential care
12 facilities for persons with mental retardation which
13 are licensed to serve no more than five individuals
14 may be authorized by the department of human services
15 to convert to operation as a residential program under
16 the provisions of a medical assistance home and
17 community-based services waiver for persons with
18 mental retardation. A converted residential program
19 is subject to the conditions stated in paragraph "a"
20 except that the program shall not serve more than five
21 individuals. ~~The department of human services shall~~
22 ~~allocate conversion authorizations to provide for four~~
23 ~~conversions in each of the department's five service~~
24 ~~regions. If a conversion authorization allocated to a~~
25 ~~region is not used for conversion by January 17, 1998,~~
26 ~~the department of human services may reallocate the~~
27 ~~unused conversion authorization to another region.~~
28 ~~The department of human services shall study the cost~~
29 ~~effectiveness of the conversions and provide an~~
30 ~~initial report to the general assembly no later than~~
31 ~~January 27, 1998, and a final report no later than~~
32 ~~December 15, 1998."~~

33 4. Title page, by striking lines 1 through 3 and
34 inserting the following: "An Act relating to mental
35 health, mental retardation, and other developmental
36 disabilities and including effective date and
37 applicability provisions."

By COMMITTEE ON HUMAN RESOURCES
NANCY BOETTGER, Chairperson

S-3217 FILED APRIL 1, 1999

adopted
4-14-99
(P. 1133)

HOUSE FILE 664

S-3318

1 Amend the amendment, S-3217, to House File 664, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 3, by striking lines 7 through 11 and
5 inserting the following: "served or are underserved.
6 The committee shall consider the task force report and
7 recommendations in making the committee's report on
8 these topics to the governor and general assembly,
9 which shall be submitted on or before November 15,
10 1999. The legislative council is requested to
11 designate a legislative interim committee to meet for
12 two or more days to consider the report on behalf of
13 the general assembly."
14 2. Page 6, by striking lines 21 through 24 and
15 inserting the following: "individuals. The
16 department of human services shall allocate conversion
17 authorizations to provide for four eight conversions
18 in each of the department's five service regions. ~~if~~
19 ~~a-conversion-authorization-allocated-to-a~~".

By ELAINE SZYMONIAK

S-3318 FILED APRIL 8, 1999

Adopted 4/14/99 (P.1133)

HOUSE FILE 664

S-3361

1 Amend the amendment, S-3217, to House File 664, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 2, line 9, by striking the word
5 "thirteen" and inserting the following: "fifteen".
6 2. Page 2, by inserting after line 25 the
7 following:
8 "Sec. _____. Section 331.438, subsection 4,
9 paragraph b, subparagraph (2), Code 1999, is amended
10 to read as follows:
11 (2) The committee shall include one-member two
12 members nominated by service providers, one member
13 nominated by service advocates, and-consumers one
14 member who is a service consumer, and one member
15 nominated by the state's council of the association of
16 federal, state, county, and municipal employees, with
17 these members appointed by the governor."
18 3. Page 3, line 16, by striking the word "four"
19 and inserting the following: "five".
20 4. By renumbering as necessary.

By ELAINE SZYMONIAK

S-3361 FILED APRIL 13, 1999

*Adopted
4-14-99 (P.1133)*



SENATE AMENDMENT TO HOUSE FILE 664

H-1631

1 Amend House File 664, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "DIVISION I
6 ADULT MH/MR/DD SERVICES FUNDING PILOT PROJECT".
7 2. Page 5, by striking line 24 and inserting the
8 following: "areas, designated by the governor."

9 3. Page 8, by inserting after line 21 the
10 following:

11 "DIVISION
12 MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES
13 COMMISSION

14 Sec. _____. Section 225C.4, subsection 1, paragraph
15 p, Code 1999, is amended to read as follows:

16 p. Recommend ~~and enforce~~ to the commission minimum
17 accreditation standards for the maintenance and
18 operation of community mental health centers,
19 services, and programs under section 230A.16. The
20 administrator's review and evaluation of the centers,
21 services, and programs for compliance with the adopted
22 standards shall be as provided in section 230A.17.

23 Sec. _____. Section 225C.4, subsection 1, Code 1999,
24 is amended by adding the following new paragraph:

25 NEW PARAGRAPH. pp. Recommend to the commission
26 minimum standards for supported community living
27 services. The administrator shall review and evaluate
28 the services for compliance with the adopted
29 standards.

30 Sec. _____. Section 225C.6, subsection 1, paragraph
31 c, Code 1999, is amended to read as follows:

32 c. Adopt standards for community mental health
33 centers, services, and programs as recommended under
34 section 230A.16. The commission shall determine
35 whether to grant, deny, or revoke the accreditation of
36 the centers, services, and programs.

37 Sec. _____. Section 225C.6, subsection 1, paragraph
38 1, Code 1999, is amended to read as follows:

39 1. Establish standards for the provision under
40 medical assistance of individual case management
41 services. The commission shall determine whether to
42 grant, deny, or revoke the accreditation of the
43 services.

44 Sec. _____. Section 225C.21, subsection 2, Code
45 1999, is amended to read as follows:

46 2. The department commission shall adopt rules
47 pursuant to chapter 17A establishing minimum standards
48 for ~~the programming of~~ supported community living
49 services. The department commission shall approve all
50 determine whether to grant, deny, or revoke approval

H-1631

H-1631

Page 2

1 ~~for any supported community living services-which-meet~~
2 ~~the-minimum-standards service.~~

DIVISION

STATE-COUNTY MANAGEMENT COMMITTEE

5 Sec. _____. Section 331.438, subsection 4, paragraph
6 b, unnumbered paragraph 1, Code 1999, is amended to
7 read as follows:

8 The management committee shall consist of ~~not-more~~
9 ~~than-twelve~~ fifteen voting members as follows:

10 Sec. _____. Section 331.438, subsection 4, paragraph
11 b, subparagraph (1), Code 1999, is amended to read as
12 follows:

13 (1) ~~An-equal-number-of-not-more-than-nine~~ Four
14 members shall be appointed by the director of human
15 services ~~and. Four members shall be appointed by the~~
16 ~~Iowa state association of counties and-one-additional~~
17 ~~member-shall-be-jointly-appointed-by-both-entities.~~
18 Members appointed by the Iowa state association of
19 counties shall be selected from a pool nominated by
20 the county supervisor affiliate of the association
21 with four members from the affiliate. The affiliate
22 shall select the nominees through a secret ballot
23 process. In addition, two members shall be appointed
24 by the community services affiliate of the Iowa state
25 association of counties.

26 Sec. _____. Section 331.438, subsection 4, paragraph
27 b, subparagraph (2), Code 1999, is amended to read as
28 follows:

29 (2) The committee shall include ~~one-member two~~
30 ~~members~~ nominated by service providers, one member
31 nominated by service advocates, and-consumers one
32 member who is a service consumer, and one member
33 nominated by the state's council of the association of
34 federal, state, county, and municipal employees, with
35 these members appointed by the governor.

36 Sec. _____. Section 331.438, subsection 4, paragraph
37 b, subparagraph (4), Code 1999, is amended to read as
38 follows:

39 (4) A member who is not a legislator shall have
40 expenses and other costs paid by the state or the
41 county entity that the member represents. The
42 committee shall ~~establish-terms-for-its-members,~~ elect
43 officers, adopt operating procedures, and meet as
44 deemed necessary by the committee. Terms of office
45 for the appointed voting members of the committee are
46 three years and shall be staggered. A vacancy on the
47 committee shall be filled in the same manner as the
48 original appointment.

49 Sec. _____. SERVICE SYSTEM ISSUES. The state-county
50 management committee shall create a task force to

H-1631

-2-

H-1631

Page 3

1 consider issues and options regarding statewide
2 eligibility standards, identification of core or basic
3 services to be made reasonably available statewide,
4 statewide equity and other considerations associated
5 with distributing state funding, implementation of
6 funding decategorization, changes in the membership
7 composition of the committee, legal settlement issues,
8 improved utilization of available funding streams, and
9 the allowed growth recommendation process. In
10 considering the allowed growth recommendation process,
11 the task force shall review the divergence between
12 unmet needs in the service delivery system and county
13 expenditure trends and shall make specific
14 recommendations as to how allowed growth funding can
15 best be distributed to address services that are not
16 adequately funded and population groups that are not
17 served or are underserved. The committee shall
18 consider the task force report and recommendations in
19 making the committee's report on these topics to the
20 governor and general assembly, which shall be
21 submitted on or before November 15, 1999. The
22 legislative council is requested to designate a
23 legislative interim committee to meet for two or more
24 days to consider the report on behalf of the general
25 assembly.

26 Sec. _____. STAGGERED TERMS. Effective July 1,
27 1999, the appointing authorities for the state-county
28 management committee shall provide by mutual agreement
29 for the staggering of the terms of voting members of
30 the committee so that the terms of at least five
31 members expire each year. Based on this mutual
32 agreement, the terms of individuals who are voting
33 members of the committee as of June 30, 1999, shall
34 either expire June 30, 1999, or be for one, two, or
35 three years beginning on July 1, 1999. The terms of
36 the two members appointed by the community services
37 affiliate of the Iowa state association of counties
38 shall commence July 1, 1999. This section takes
39 effect June 30, 1999.

DIVISION

COUNTY MANAGEMENT PLAN PROVISIONS

42 Sec. _____. Section 331.439, subsection 1, paragraph
43 b, Code 1999, is amended to read as follows:

44 b. The county developed and implemented a county
45 management plan for the county's mental health, mental
46 retardation, and developmental disabilities services
47 in accordance with the provisions of this paragraph
48 "b". The plan shall comply with the administrative
49 rules adopted for this purpose by the council on human
50 services and is subject to the approval of the

H-1631

-3-

H-1631

Page 4

1 director of human services in consultation with the
2 state-county management committee created in section
3 331.438. The plan shall include a description of the
4 county's service management provision for mental
5 health, mental retardation, and developmental
6 disabilities services. For mental retardation and
7 developmental disabilities service management, the
8 plan shall describe the county's development and
9 implementation of a managed system of cost-effective
10 individualized services and shall comply with the
11 provisions of paragraph "d". The goal of this part of
12 the plan shall be to assist the individuals served to
13 be as independent, productive, and integrated into the
14 community as possible. The service management
15 provisions for mental health shall comply with the
16 provisions of paragraph "c". A county is subject to
17 all of the following provisions in regard to the
18 county's management plan and planning process:

19 (1) The county shall have in effect an approved
20 policies and procedures manual for the county's
21 services fund. The county management plan shall be
22 defined in the manual. The manual submitted by the
23 county as part of the county's management plan for the
24 fiscal year beginning July 1, 2000, as approved by the
25 director of human services, shall remain in effect,
26 subject to amendment. An amendment to the manual
27 shall be submitted to the department of human services
28 at least forty-five days prior to the date of
29 implementation. Prior to implementation of any
30 amendment to the manual, the amendment must be
31 approved by the director of human services in
32 consultation with the state-county management
33 committee.

34 (2) For informational purposes, the county shall
35 submit a management plan review to the department of
36 human services by April 1 of each year. The annual
37 review shall incorporate an analysis of the data
38 associated with the services managed during the
39 preceding fiscal year by the county or by a managed
40 care entity on behalf of the county.

41 (3) For informational purposes, every three years
42 the county shall submit to the department of human
43 services a three-year strategic plan. The strategic
44 plan shall describe how the county will proceed to
45 attain the goals and objectives contained in the
46 strategic plan for the duration of the plan. The
47 three-year strategic plan shall be submitted by April
48 1, 2000, and by April 1 of every third year
49 thereafter.

50 Sec. _____. Section 331.439, subsection 1, paragraph

H-1631

H-1631

Page 5

1 c, subparagraph (1), Code 1999, is amended to read as
2 follows:

3 (1) For mental health service management, the
4 county may either directly implement a system of
5 service management and contract with service
6 providers, or contract with a private entity to manage
7 the system, provided all requirements of this lettered
8 paragraph are met by the private entity. The mental
9 health service management shall incorporate a single
10 entry point and clinical assessment process developed
11 in accordance with the provisions of section 331.440.
12 ~~The county shall submit this part of the plan to the~~
13 ~~department of human services for approval by April 1~~
14 ~~for the succeeding year. -- Initially, this part of the~~
15 ~~plan shall be submitted to the department by April 1,~~
16 ~~1996, and the county shall implement the approved plan~~
17 ~~by July 1, 1996.~~

18 Sec. _____. Section 331.439, subsection 1,
19 paragraphs d and e, Code 1999, are amended to read as
20 follows:

21 d. For mental retardation and developmental
22 disabilities services management, the county must
23 either develop and implement a managed system of care
24 which addresses a full array of appropriate services
25 and cost-effective delivery of services or contract
26 with a state-approved managed care contractor or
27 contractors. Any system or contract implemented under
28 this paragraph shall incorporate a single entry point
29 and clinical assessment process developed in
30 accordance with the provisions of section 331.440.
31 The elements of the managed system of care and the
32 state-approved managed care contract or contracts
33 shall be specified in rules developed by the
34 department of human services in consultation with the
35 state-county management committee and adopted by the
36 council on human services. ~~Initially, this part of~~
37 ~~the plan shall be submitted to the department for~~
38 ~~approval on or before October 1, 1996, and shall be~~
39 ~~implemented on or before January 1, 1997. -- In fiscal~~
40 ~~years succeeding the fiscal year of initial~~
41 ~~implementation, this part of the plan shall be~~
42 ~~submitted to the department of human services for~~
43 ~~approval by April 1 for the succeeding fiscal year.~~

44 e. ~~Changes to the approved plan are submitted at~~
45 ~~least sixty days prior to the proposed change and are~~
46 ~~not to be implemented prior to the director of human~~
47 ~~services approval.~~

48 Sec. _____. EFFECTIVE DATE -- APPLICABILITY. This
49 division of this Act takes effect July 1, 2000, except
50 that the management plan and planning process

H-1631

-5-

H-1631

Page 6

1 provisions under section 331.439, as amended by this
2 division of this Act, take effect upon enactment and
3 are applicable for purposes of preparation and
4 submission of the management plan by April 1, 2000,
5 for the fiscal year beginning July 1, 2000.

DIVISION

RESIDENTIAL CARE FACILITIES FOR PERSONS WITH MENTAL
RETARDATION

9 Sec. ____ . Section 135C.6, subsection 8, paragraphs
10 a and b, Code 1999, are amended to read as follows:

11 a. A residential program which provides care to
12 not more than four individuals and receives moneys
13 appropriated to the department of human services under
14 provisions of a federally approved home and community-
15 based services waiver for persons with mental
16 retardation or other medical assistance program under
17 chapter 249A. In approving a residential program
18 under this paragraph, the department of human services
19 shall consider the geographic location of the program
20 so as to avoid an overconcentration of such programs
21 in an area. In order to be approved under this
22 paragraph, a residential program shall not be required
23 to involve the conversion of a licensed residential
24 care facility for persons with mental retardation.

25 b. A total of twenty ~~forty~~ residential care
26 facilities for persons with mental retardation which
27 are licensed to serve no more than five individuals
28 may be authorized by the department of human services
29 to convert to operation as a residential program under
30 the provisions of a medical assistance home and
31 community-based services waiver for persons with
32 mental retardation. A converted residential program
33 is subject to the conditions stated in paragraph "a"
34 except that the program shall not serve more than five
35 individuals. The department of human services shall
36 allocate conversion authorizations to provide for four
37 eight conversions in each of the department's five
38 service regions. ~~If a conversion authorization~~
39 ~~allocated to a region is not used for conversion by~~
40 ~~January 1, 1998, the department of human services may~~
41 ~~reallocate the unused conversion authorization to~~
42 ~~another region. The department of human services~~
43 ~~shall study the cost effectiveness of the conversions~~
44 ~~and provide an initial report to the general assembly~~
45 ~~no later than January 2, 1998, and a final report no~~
46 ~~later than December 15, 1998."~~

47 4. Title page, by striking lines 1 through 3 and
48 inserting the following: "An Act relating to mental
49 health, mental retardation, and other developmental
50 disabilities and including effective date and

H-1631

-6-

H-1631

Page 7

1 applicability provisions."

RECEIVED FROM THE SENATE

H-1631 FILED APRIL 15, 1999

HOUSE CONCURRED

p. 1371

HOUSE FILE 664

AN ACT

RELATING TO MENTAL HEALTH, MENTAL RETARDATION, AND OTHER
DEVELOPMENTAL DISABILITIES AND INCLUDING EFFECTIVE DATE
AND APPLICABILITY PROVISIONS.

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

DIVISION I

ADULT MH/MR/DD SERVICES FUNDING PILOT PROJECT

Section 1. NEW SECTION. 331.440A ADULT MENTAL HEALTH,
MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES
FUNDING DECATORIZATION PILOT PROJECT.*

1. DEFINITIONS. For the purposes of this section, unless
the context requires otherwise:

- a. "Department" means the department of human services.
- b. "Pilot project areas" means the pilot project created
under this section involving the three-county or multicounty
single entry point process administrative areas designated in
accordance with this section.
- c. "Target population" means any person who is a legal
resident of a pilot project county and meets both of the
following conditions:

(1) The person is eighteen years of age or older.
However, a person who is more than sixty-four years of age who
requires full-time nursing facility care shall not be included
in the target population.

(2) The person is eligible for assistance under the pilot
project county management plan approved under section 331.439.

2. PURPOSE. The purpose of the pilot project is to
improve outcomes for service consumers by allowing pilot
project counties to administer overall projected funding from
state and federal sources together with other available
funding, and by reducing or eliminating unnecessary barriers

associated with funding sources, and thereby to creatively
meet the divergent, individual needs of service consumers in
the community.

3. PROJECT ESTABLISHED. The department of human services
shall establish a pilot project for decategorizing the public
funding for adult mental health, mental retardation, and
developmental disabilities services in accordance with this
section. The pilot project shall include the three-county
single entry point process administrative areas designated for
decatORIZATION planning under 1997 Iowa Acts, chapter 169,
section 13. Under the pilot project, a projected funding
amount for a fiscal year shall be developed for each of the
three administrative areas, from the funding sources
designated in this section. The projected funding amount for
a fiscal year, manner of payment, and other provisions of the
pilot project shall be delineated in contracts between the
department and the counties involved in the pilot project.

4. COUNTY MANAGEMENT PLAN. The counties participating in
the pilot project shall amend their county management plans
approved under section 331.439 to be applicable to the period
of the pilot project. Unless a change in federal or state
funding provisions reduces the availability of funding, a
pilot project county's management plan eligibility provisions
shall not be more restrictive than the provisions in effect as
of June 30, 1999. The amended county management plans shall
address the service needs of the populations served under the
funding sources included in the pilot project beginning with
the applicable phase.

For purposes of determining the financial responsibility of
a pilot project county, a legal resident includes anyone
living in the county at the time services or other support are
provided who is a member of the target population. A legal
resident includes but is not limited to a person who is
homeless or living in a homeless shelter. However, if an
individual resides in a pilot project county as a result of
placement or referral for services or other support by another
county or another state, financial responsibility remains with
the other county or other state.

5. COUNTY RESPONSIBILITIES.

a. A county participating in the pilot project is responsible to provide or pay for services and other support to appropriately address the needs of the target population attributable to that county. This responsibility includes accountability for clinical, administrative, and fiscal functions.

b. A pilot project area may choose among alternative approaches in administering services under the pilot project. The alternative approaches include but are not limited to any of the following:

- (1) A case rate approach to purchase of services.
- (2) A fee-for-service purchasing approach with an emphasis on flexible, creative services.
- (3) A mixed model involving both case rate and fee-for-service approaches.

c. A pilot project area shall provide data and other reports as provided in the contract with the department.

d. Moneys received by a county under the pilot project shall be deposited in the county's services fund. Moneys received that remain unencumbered or unobligated at the close of the fiscal year shall remain available to be used to benefit the county's target population in the succeeding fiscal year.

e. Receipt and expenditures of moneys under the pilot project shall be subject to examination during the regular audit of the pilot project area counties performed in accordance with chapter 11.

6. FUNDING -- PHASES. The department shall negotiate with the pilot project areas to identify the projected funding amount to be provided to the areas for a fiscal year. The projected funding amount shall be determined in accordance with a pilot project area's relative share of the statewide expenditures for services and other support paid by the funding sources included in the pilot project plus the related administrative expenses. Unless the commencement dates are delayed due to a determination by the oversight committee, the

pilot project funding shall be implemented in two phases with the first phase to commence July 1, 2000, and the second phase to commence July 1, 2001, as provided in paragraph "d". Both phases of the pilot project shall end December 31, 2003. The phases of the pilot project shall be implemented as follows:

a. In the first phase, the department and the pilot project areas shall negotiate the specific projected funding amounts to be provided to each area. The department and the pilot project areas shall provide any data or other information necessary to accurately develop the projected amounts. The funding amount for the first phase shall be determined by December 30, 1999.

b. In the first phase, the mental health services funding sources for the pilot project areas shall include but are not limited to all of the following:

- (1) The state share of the costs of care in the state mental health institutes.
- (2) The mental health portion of any federal grant funding administered through the United States department of health and human services.
- (3) Federal social services block grant funding.
- (4) State case funding.
- (5) State funding for the purchase of local services for persons with mental illness where the client has no established county of legal settlement.
- (6) State supplementary assistance funding.
- (7) To the extent allowed by the federal government, the mental health portion of federal funding provided for vocational rehabilitation of individuals with disabilities.

c. In the first phase, the mental retardation and other developmental disabilities services funding sources for the pilot project areas shall include but are not limited to all of the following:

- (1) State and federal medical assistance funding for home and community-based waiver services to persons with mental retardation.

(2) The state share of the costs of care in the state hospital-schools.

(3) State and federal medical assistance payments for intermediate care facilities for persons with mental retardation services.

(4) Federal social services block grant funding.

(5) State funding for the purchase of local services for persons with mental retardation and other developmental disabilities where the client has no established county of legal settlement.

(6) State supplementary assistance funding.

(7) To the extent allowed by the federal government, the mental retardation and other developmental disabilities portion of federal funding provided for vocational rehabilitation of persons with disabilities.

d. In the second phase, all other medical assistance funding for mental health services for the pilot project areas shall be incorporated into the annual projected funding amount. Implementation of the second phase shall be subject to enactment by the general assembly of an implementation authorization.

7. OVERSIGHT COMMITTEE.

a. An oversight committee shall be established to provide general oversight of the pilot project and the risk pool and to perform the duties outlined in this subsection. The oversight committee shall consist of the following members:

(1) At least one service consumer, one service provider, and one county supervisor from each of the three pilot project areas, designated by the governor.

(2) An individual designated by the governor.

(3) One individual designated by the division of medical services of the department of human services and one individual designated by the division of mental health and developmental disabilities of the department of human services.

(4) An individual designated by the legislative council. If the individual designated by the legislative council is a

member of the general assembly, that member shall be a nonvoting member.

b. The oversight committee shall have the following duties and responsibilities:

(1) The oversight committee may make a determination that implementation by the department of human services of a significant funding provision such as the rehabilitation option for persons with chronic mental illness or a waiver under the medical assistance program or another good cause reason justifies delay of the implementation of the pilot project phases as provided in subsection 5. If such a determination is made, the department of human services and pilot project counties shall delay implementation of the pilot project phases until a date identified by the oversight committee.

(2) The oversight committee shall arrange for an independent evaluation of the pilot project in accordance with subsection 9.

(3) The oversight committee shall provide assistance to the pilot project counties, the department of human services, and other interested persons concerning implementation of the pilot project.

(4) The oversight committee shall perform functions for the risk pool in accordance with subsection 8.

8. RISK POOL. In order to augment assistance from the risk pool of the property tax relief fund for which the pilot project counties may be eligible under section 426B.5, the pilot project administrative areas shall create and commit funding to a pilot project risk pool. The pilot project risk pool shall be used to cover unexpected costs resulting from an unanticipated event such as a legal settlement requirement or need for an exceptionally costly set of services or other support. Funding shall be committed on the basis of a percentage of the pilot project counties overall budget for services under the counties' management plan with an annual maximum percentage for each area and an overall combined percentage maximum, as determined by the pilot project

counties in consultation with the oversight committee. Expenditure of this risk pool funding shall be subject to authorization by the oversight committee.

9. OUTCOMES AND EVALUATION.

a. In consultation with the oversight committee, the pilot project participants and the department shall agree on a set of outcomes and indicators to measure the effect of the pilot project upon the system of care in those counties. The department and pilot project areas shall annually report to the governor and general assembly by December 15 on the implementation status of the pilot project and the performance on the indicators. The report shall include any findings identified by the oversight committee.

b. The oversight committee shall arrange for an independent evaluation of the pilot project. The evaluation shall assess the quality of services as well as the cost-effectiveness of the pilot project. The evaluation shall include a focus on special populations such as persons who are homeless or who have multiple disabilities or service needs.

c. A final report concerning the pilot project shall be submitted by the department and the pilot project areas to the governor and general assembly. It is the intent of the general assembly to use that report to determine whether to continue the pilot project, revise it, terminate it, or implement the pilot project provisions or a similar approach statewide.

10. LAW -- RULES -- IMPLEMENTATION.

a. If a provision of state law or administrative rule is in conflict with a provision of this section, the provision of this section shall prevail. State law and administrative rules governing the funding sources specified in this section are not applicable to use of the funding by the pilot project counties.

b. The department shall amend the medical assistance state plan and apply for federal waivers as necessary to implement the provisions of this section.

c. The department shall amend its contract for managed behavioral health care under medical assistance as necessary to implement the second phase of the pilot project and for the medical assistance-eligible persons covered under that contract to instead be covered by the pilot project counties.

d. The pooling of funding sources and the provision of services under this pilot project and implementation of a risk pool as authorized in this section is not insurance and is not subject to regulation under chapters 505 through 523C.

e. The department of human services shall amend the state medical assistance plan, implement federal waivers, or take other actions as necessary for the pilot project areas to be able to draw federal funding for the start-up and other costs to implement the pilot project.

f. The department shall give consideration to implementing a rehabilitation option under the medical assistance program for persons with chronic mental illness.

g. The requirements of this section may be adapted as necessary to comply with federal law, regulation, or other requirements in order to assure federal financial participation in the pilot project.

DIVISION II

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

COMMISSION

Sec. 2. Section 225C.4, subsection 1, paragraph p, Code 1999, is amended to read as follows:

p. Recommend and enforce to the commission minimum accreditation standards for the maintenance and operation of community mental health centers, services, and programs under section 230A.16. The administrator's review and evaluation of the centers, services, and programs for compliance with the adopted standards shall be as provided in section 230A.17.

Sec. 3. Section 225C.4, subsection 1, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. pp. Recommend to the commission minimum standards for supported community living services. The administrator shall review and evaluate the services for compliance with the adopted standards.

Sec. 4. Section 225C.6, subsection 1, paragraph c, Code 1999, is amended to read as follows:

c. Adopt standards for community mental health centers, services, and programs as recommended under section 230A.16. The commission shall determine whether to grant, deny, or revoke the accreditation of the centers, services, and programs.

Sec. 5. Section 225C.6, subsection 1, paragraph 1, Code 1999, is amended to read as follows:

1. Establish standards for the provision under medical assistance of individual case management services. The commission shall determine whether to grant, deny, or revoke the accreditation of the services.

Sec. 6. Section 225C.21, subsection 2, Code 1999, is amended to read as follows:

2. The department commission shall adopt rules pursuant to chapter 17A establishing minimum standards for the ~~programming~~ of supported community living services. The ~~department~~ commission shall approve and determine whether to grant, deny, or revoke approval for any supported community living services which meet the minimum standards service.

DIVISION III

STATE-COUNTY MANAGEMENT COMMITTEE

Sec. 7. Section 331.438, subsection 4, paragraph b, unnumbered paragraph 1, Code 1999, is amended to read as follows:

The management committee shall consist of ~~not more than twelve~~ fifteen voting members as follows:

Sec. 8. Section 331.438, subsection 4, paragraph b, subparagraph (1), Code 1999, is amended to read as follows:

(1) ~~An equal number of not more than nine~~ Four members shall be appointed by the director of human services and Four members shall be appointed by the Iowa state association of counties and one additional member shall be jointly appointed by both entities. Members appointed by the Iowa state association of counties shall be selected from a pool nominated by the county supervisor affiliate of the

association with four members from the affiliate. The affiliate shall select the nominees through a secret ballot process. In addition, two members shall be appointed by the community services affiliate of the Iowa state association of counties.

Sec. 9. Section 331.438, subsection 4, paragraph b, subparagraph (2), Code 1999, is amended to read as follows:

(2) The committee shall include ~~one member~~ two members nominated by service providers, one member nominated by service advocates, ~~and consumers~~ one member who is a service consumer, and one member nominated by the state's council of the association of federal, state, county, and municipal employees, with these members appointed by the governor.

Sec. 10. Section 331.438, subsection 4, paragraph b, subparagraph (4), Code 1999, is amended to read as follows:

(4) A member who is not a legislator shall have expenses and other costs paid by the state or the county entity that the member represents. The committee shall ~~establish terms for its members~~, elect officers, adopt operating procedures, and meet as deemed necessary by the committee. Terms of office for the appointed voting members of the committee are three years and shall be staggered. A vacancy on the committee shall be filled in the same manner as the original appointment.

Sec. 11. SERVICE SYSTEM ISSUES. The state-county management committee shall create a task force to consider issues and options regarding statewide eligibility standards, identification of core or basic services to be made reasonably available statewide, statewide equity and other considerations associated with distributing state funding, implementation of funding decategorization, changes in the membership composition of the committee, legal settlement issues, improved utilization of available funding streams, and the allowed growth recommendation process. In considering the allowed growth recommendation process, the task force shall review the divergence between unmet needs in the service delivery system and county expenditure trends and shall make

specific recommendations as to how allowed growth funding can best be distributed to address services that are not adequately funded and population groups that are not served or are underserved. The committee shall consider the task force report and recommendations in making the committee's report on these topics to the governor and general assembly, which shall be submitted on or before November 15, 1999. The legislative council is requested to designate a legislative interim committee to meet for two or more days to consider the report on behalf of the general assembly.

Sec. 12. STAGGERED TERMS. Effective July 1, 1999, the appointing authorities for the state-county management committee shall provide by mutual agreement for the staggering of the terms of voting members of the committee so that the terms of at least five members expire each year. Based on this mutual agreement, the terms of individuals who are voting members of the committee as of June 30, 1999, shall either expire June 30, 1999, or be for one, two, or three years beginning on July 1, 1999. The terms of the two members appointed by the community services affiliate of the Iowa state association of counties shall commence July 1, 1999. This section takes effect June 30, 1999.

DIVISION IV

COUNTY MANAGEMENT PLAN PROVISIONS

Sec. 13. Section 331.439, subsection 1, paragraph b, Code 1999, is amended to read as follows:

b. The county developed and implemented a county management plan for the county's mental health, mental retardation, and developmental disabilities services in accordance with the provisions of this paragraph "b". The plan shall comply with the administrative rules adopted for this purpose by the council on human services and is subject to the approval of the director of human services in consultation with the state-county management committee created in section 331.438. The plan shall include a description of the county's service management provision for mental health, mental retardation, and developmental

disabilities services. For mental retardation and developmental disabilities service management, the plan shall describe the county's development and implementation of a managed system of cost-effective individualized services and shall comply with the provisions of paragraph "d". The goal of this part of the plan shall be to assist the individuals served to be as independent, productive, and integrated into the community as possible. The service management provisions for mental health shall comply with the provisions of paragraph "c". A county is subject to all of the following provisions in regard to the county's management plan and planning process:

(1) The county shall have in effect an approved policies and procedures manual for the county's services fund. The county management plan shall be defined in the manual. The manual submitted by the county as part of the county's management plan for the fiscal year beginning July 1, 2000, as approved by the director of human services, shall remain in effect, subject to amendment. An amendment to the manual shall be submitted to the department of human services at least forty-five days prior to the date of implementation. Prior to implementation of any amendment to the manual, the amendment must be approved by the director of human services in consultation with the state-county management committee.

(2) For informational purposes, the county shall submit a management plan review to the department of human services by April 1 of each year. The annual review shall incorporate an analysis of the data associated with the services managed during the preceding fiscal year by the county or by a managed care entity on behalf of the county.

(3) For informational purposes, every three years the county shall submit to the department of human services a three-year strategic plan. The strategic plan shall describe how the county will proceed to attain the goals and objectives contained in the strategic plan for the duration of the plan. The three-year strategic plan shall be submitted by April 1, 2000, and by April 1 of every third year thereafter.

Sec. 14. Section 331.439, subsection 1, paragraph c, subparagraph (1), Code 1999, is amended to read as follows:

(1) For mental health service management, the county may either directly implement a system of service management and contract with service providers, or contract with a private entity to manage the system, provided all requirements of this lettered paragraph are met by the private entity. The mental health service management shall incorporate a single entry point and clinical assessment process developed in accordance with the provisions of section 331.440. ~~The county shall submit this part of the plan to the department of human services for approval by April 1 for the succeeding year. Initially, this part of the plan shall be submitted to the department by April 1, 1996, and the county shall implement the approved plan by July 1, 1996.~~

Sec. 15. Section 331.439, subsection 1, paragraphs d and e, Code 1999, are amended to read as follows:

d. For mental retardation and developmental disabilities services management, the county must either develop and implement a managed system of care which addresses a full array of appropriate services and cost-effective delivery of services or contract with a state-approved managed care contractor or contractors. Any system or contract implemented under this paragraph shall incorporate a single entry point and clinical assessment process developed in accordance with the provisions of section 331.440. The elements of the managed system of care and the state-approved managed care contract or contracts shall be specified in rules developed by the department of human services in consultation with the state-county management committee and adopted by the council on human services. ~~Initially, this part of the plan shall be submitted to the department for approval on or before October 1, 1996, and shall be implemented on or before January 1, 1997. In fiscal years succeeding the fiscal year of initial implementation, this part of the plan shall be submitted to the department of human services for approval by April 1 for the succeeding fiscal year.~~

~~Changes to the approved plan are submitted at least sixty days prior to the proposed change and are not to be implemented prior to the director of human services' approval.~~

Sec. 16. EFFECTIVE DATE -- APPLICABILITY. This division of this Act takes effect July 1, 2000, except that the management plan and planning process provisions under section 331.439, as amended by this division of this Act, take effect upon enactment and are applicable for purposes of preparation and submission of the management plan by April 1, 2000, for the fiscal year beginning July 1, 2000.

DIVISION V

RESIDENTIAL CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION

Sec. 17. Section 135C.6, subsection 8, paragraphs a and b, Code 1999, are amended to read as follows:

a. A residential program which provides care to not more than four individuals and receives moneys appropriated to the department of human services under provisions of a federally approved home and community-based services waiver for persons with mental retardation or other medical assistance program under chapter 249A. In approving a residential program under this paragraph, the department of human services shall consider the geographic location of the program so as to avoid an overconcentration of such programs in an area. In order to be approved under this paragraph, a residential program shall not be required to involve the conversion of a licensed residential care facility for persons with mental retardation.

b. A total of twenty forty residential care facilities for persons with mental retardation which are licensed to serve no more than five individuals may be authorized by the department of human services to convert to operation as a residential program under the provisions of a medical assistance home and community-based services waiver for persons with mental retardation. A converted residential program is subject to the conditions stated in paragraph "a" except that the program shall not serve more than five individuals. The department of human services shall allocate conversion authorizations to

provide for four eight conversions in each of the department's five service regions. ~~If a conversion authorization allocated to a region is not used for conversion by January 17, 1998, the department of human services may reallocate the unused conversion authorization to another region. --The department of human services shall study the cost effectiveness of the conversions and provide an initial report to the general assembly no later than January 27, 1998, and a final report no later than December 15, 1998.~~

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 664, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 20, 1999

THOMAS J. VILSACK
Governor