

FEB 17 2003
STATE GOVERNMENT

HOUSE FILE 211
BY COMMITTEE ON GOVERNMENT
OVERSIGHT

(SUCCESSOR TO HSB 139)

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

A BILL FOR

1 An Act relating to government efficiency by providing for the
2 delivery of administrative services to state government,
3 establishment of common state services regional boundaries,
4 revising medical assistance program eligibility and benefits
5 provisions, improving coordination of veterans benefits
6 eligibility determinations, requiring a comprehensive study of
7 the state mental health institutes, and revising requirements
8 involving the judicial district departments of correctional
9 services, and providing effective dates.

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

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HF 211

1 DIVISION I

2 ADMINISTRATIVE SERVICES

3 Section 1. STATE GOVERNMENT ADMINISTRATIVE SERVICES.

4 1. As used in this section, unless the context otherwise
5 requires:

6 a. "Delivering agency" is a governmental agency, other
7 than the primary agency setting policy for the delivery of a
8 designated state service, or a nongovernmental entity
9 designated by the applicable lead agency to deliver a
10 designated state service.

11 b. "Designated state service" means one of the following
12 services provided to state agencies: printing, information
13 technology, mail, human resource benefits and payroll,
14 financial accounting, property management, fleet management,
15 and purchasing services.

16 c. "Lead agency" is a governmental agency that may or may
17 not deliver a designated state service, but is the primary
18 agency setting policy for the delivery of the service, and may
19 assign the delivery of the service to a delivering agency.

20 d. "Managed competition" means a process that allows both
21 state government entities and nonstate government entities to
22 submit competitive bids to provide designated state services,
23 which process takes into account the true cost-accounting
24 costs for state government entities and may result in multiple
25 providers of the same designated state service. The use of
26 managed competition shall not preclude the use of other
27 entrepreneurial steps in any area.

28 2. a. The department of management may, pursuant to the
29 requirements of this section, determine how the designated
30 state services of all executive branch agencies, community-
31 based corrections districts, and other state governmental
32 entities shall be delivered.

33 b. This section shall not apply to the judicial branch,
34 legislative branch, statewide elected officials, area
35 education agencies, and community colleges. In addition, the

1 state board of regents shall be exempt from the requirements
2 of this section as it relates to the delivery of information
3 technology and mail services, and such other services as
4 determined by the department of management.

5 3. The department of management shall determine which
6 governmental agency shall be the lead agency for each
7 designated state service. The department of management may be
8 designated a lead agency. The lead agency may delegate the
9 authority to designate a delivering agency to a group of
10 government consumers of the designated state service. In
11 addition, the lead agency may delegate responsibilities to any
12 government subdivision for the purposes of fulfilling that
13 lead agency's or the government subdivision's needs in a
14 designated state service.

15 4. The following duties relating to state administrative
16 services shall be performed as provided by this subsection.

17 a. By July 1, 2004, the lead agency for printing services
18 shall submit a request for proposals for a managed competition
19 for printing services. The request for proposals shall allow
20 for the awarding of all or parts of printing services to a
21 governmental agency or nongovernmental entity.

22 b. The lead agency for information technology services
23 shall determine the means of delivery for all information
24 technology services, including determining which services
25 shall remain the responsibility of individual state agencies.
26 The lead agency shall determine which application development
27 activities shall remain as responsibilities of the individual
28 state agencies. As of July 1, 2003, all employees delivering
29 information technology services shall be transferred to the
30 lead agency or applicable delivering agency and any funding
31 appropriated for such services shall also be transferred, as
32 determined by the department of management.

33 c. The three major data centers of state government shall
34 be physically merged into one data center as expeditiously as
35 possible, no later than July 1, 2004.

1 d. The department of management may limit unified fleet
2 management responsibilities to cars and small trucks. By July
3 1, 2005, the fleet management operations shall be subject to a
4 managed competition process conducted by the lead agency for
5 fleet management services. Any one-time savings shall be
6 amortized based on state government's average borrowing cost
7 for funds over the preceding five years.

8 5. The auditor of state shall be consulted on the
9 designation of a lead agency or delivering agency, and a
10 decision to conduct a managed competition process for each
11 designated state service. The auditor of state shall also be
12 consulted regarding the issuance of a request for proposals
13 and shall also be consulted in the award process. The auditor
14 of state's role is to provide advice as to whether an approach
15 offers the best opportunity for reducing state government
16 costs.

17 6. The provisions of this section apply notwithstanding
18 any provision of the Iowa Code to the contrary.

19 Sec. 2. EFFECTIVE DATE. This division of this Act,
20 relating to state government administrative services, being
21 deemed of immediate importance, takes effect upon enactment.

22 DIVISION II

23 REGIONAL BOUNDARIES

24 Sec. 3. STATE SERVICES REGIONAL BOUNDARIES.

25 1. A state services regional boundaries task force,
26 hereafter referred to as the task force, is created. The task
27 force shall be comprised of eight members selected in the
28 following manner:

29 a. One member shall be appointed jointly by the
30 administrators of the area education agencies created by
31 chapter 273.

32 b. One member shall be appointed by the director of the
33 department of human services.

34 c. One member shall be appointed jointly by the directors
35 of the judicial district departments of correctional services

1 created by chapter 905.

2 d. One member shall be appointed by the chief justice of
3 the supreme court.

4 e. Two citizen members shall be appointed by the governor.

5 f. One citizen member shall be appointed jointly by the
6 majority leader of the senate and the speaker of the house of
7 representatives.

8 g. One citizen member shall be appointed jointly by the
9 minority leader of the senate and the minority leader of the
10 house of representatives.

11 2. The task force is charged with the responsibility of
12 proposing common boundaries for area education agencies,
13 department of human services service areas, judicial
14 districts, and judicial district departments of correctional
15 services. No more than eight regions shall be proposed by the
16 task force; however, any entity may have fewer regions if the
17 larger region boundaries are consistent with the smaller
18 coextensive region boundaries. The task force shall issue a
19 report to the general assembly's joint government oversight
20 committee by October 1, 2003, containing its findings and
21 recommended service area boundaries.

22 3. If the task force fails to issue a report by October 1,
23 2003, or if no common state services regional boundaries
24 proposal is contained in its recommendations, the joint
25 legislative government oversight committee shall direct the
26 legislative service bureau to develop a plan for common
27 regional boundaries for submission to the general assembly
28 which plan shall be submitted to the general assembly by
29 December 31, 2003. The joint government oversight committee
30 shall develop the criteria to be followed by the legislative
31 service bureau in establishing a common regional boundaries
32 plan. The criteria shall provide, at a minimum, that the
33 legislative service bureau consider the needs of the entities
34 providing state services and identify the boundaries that will
35 provide the greatest efficiencies, while maximizing the

1 ability to deliver state services with limited financial
2 resources.

3 4. A plan for common regional boundaries submitted to the
4 general assembly pursuant to this section shall provide for
5 the establishment of an advisory committee within each new
6 region to provide input for the planning and implementation of
7 the staffing and operations of the new region.

8 Sec. 4. EFFECTIVE DATE. This division of this Act,
9 relating to administrative services boundary redistricting,
10 being deemed of immediate importance, takes effect upon
11 enactment.

12 DIVISION III

13 MEDICAL ASSISTANCE PROGRAM

14 Sec. 5. PHARMACY DISPENSING FEES -- MEDICAL ASSISTANCE
15 PROGRAM. Beginning July 1, 2003, the department of human
16 services shall reimburse pharmacy dispensing fees under the
17 medical assistance program using a rate of \$4 per prescription
18 or the pharmacy's usual and customary fee, whichever is lower.

19 Sec. 6. USE OF LEAST-COST GENERIC DRUGS -- MEDICAL
20 ASSISTANCE PROGRAM. The department of human services shall
21 adopt rules to require the use under the medical assistance
22 program of the least-cost generic drug for all categories of
23 prescription drugs in which at least three AB-rated drugs have
24 been established. The rules shall include that reimbursement
25 for these drugs does not exceed 135 percent of the average-
26 cost drug in the category, subject to any existing upper
27 reimbursement limits. The average cost may be established
28 utilizing data from national buying groups that are accessible
29 to all pharmacists. It is the intent of the general assembly
30 that the department of human services implement this provision
31 to the extent allowed under federal law and in an
32 administratively efficient manner. For the purpose of this
33 section, "AB-rated drug" means any products coded AB by the
34 food and drug administration of the United States department
35 of health and human services.

1 Sec. 7. PREFERRED DRUG LIST. The department of human
2 services shall develop a preferred drug list and prior
3 authorization program as the basis for pursuing supplemental
4 rebates from pharmaceutical manufacturers under the medical
5 assistance program. The department shall pursue negotiations
6 with pharmaceutical manufacturers, including possible regional
7 collaboration, to achieve supplemental rebates or other means,
8 which may include direct purchase from pharmaceutical
9 manufacturers, to reduce the cost of pharmaceuticals under the
10 medical assistance program. For the purpose of this section,
11 "supplemental rebates" means rebates in addition to those
12 rebates designated by the federal government under the rebate
13 program.

14 Sec. 8. ELIGIBILITY COMPLIANCE -- MEDICAL ASSISTANCE
15 PROGRAM. The department of human services, in coordination
16 with the auditor of state, shall perform random audits of
17 medical assistance program recipient eligibility to determine
18 compliance with eligibility requirements. The department
19 shall implement additional screening procedures, including but
20 not limited to expanded employment checks with the department
21 of revenue and finance, if audit results indicate a cost-
22 benefit return resulting from implementation of such
23 procedures. The additional screening procedures shall not be
24 interpreted to include a requirement for monthly reporting by
25 recipients. The department of human services shall report the
26 results of the audit, the implementation of any additional
27 screening procedures, and the results of implementation of any
28 additional screening procedures to the general assembly's
29 committees on government oversight.

30 DIVISION IV

31 VETERANS BENEFITS

32 Sec. 9. NEW SECTION. 135C.31A ASSESSMENT OF RESIDENT
33 PROGRAM ELIGIBILITY.

34 Beginning July 1, 2003, a health care facility receiving
35 reimbursement through the medical assistance program under

1 chapter 249A shall determine, prior to the initial admission
2 of a resident, the prospective resident's eligibility for
3 benefits through the United States department of veterans
4 affairs. A health care facility shall also determine the
5 eligibility of current residents residing in the facility on
6 July 1, 2003 for such benefits. The health care facility
7 shall report any information collected to the Iowa commission
8 of veterans affairs. The department of inspections and
9 appeals, in cooperation with the Iowa commission of veterans
10 affairs and the department of human services, shall adopt
11 rules to administer this section including a provision that
12 ensures that if a resident is eligible for benefits through
13 the United States department of veterans affairs or other
14 third-party payor, the payor of last resort for reimbursement
15 to the health care facility is the medical assistance program.

16 Sec. 10. COORDINATION OF EFFORTS -- VETERANS BENEFITS
17 ELIGIBILITY DETERMINATIONS. It is the intent of the general
18 assembly that a full-time equivalent position be designated
19 and assigned to work with health care facility residents and
20 that the county directors of veteran affairs be directed to
21 collaborate with the Iowa commission of veterans affairs to
22 maximize the receipt of benefits through the United States
23 department of veterans affairs by eligible veterans and their
24 dependents.

25 DIVISION V

26 CHILDREN'S AUTHORITY

27 Sec. 11. Section 235.1, Code 2003, is amended to read as
28 follows:

29 235.1 DEFINITIONS.

30 1. The terms "state division", "administrator", and
31 "child" are used in this chapter and chapter 238 as the terms
32 are defined in section 234.1.

33 2. "Child welfare services" means social welfare services
34 for the protection and care of children who are homeless,
35 dependent or neglected, or in danger of becoming delinquent,

1 or who have a mental illness or mental retardation or other
2 developmental disability, including, when necessary, care and
3 maintenance in a foster care facility. Child welfare services
4 are designed to serve a child in the child's home whenever
5 possible. If not possible, and the child is placed outside
6 the child's home, the placement should be in the least
7 restrictive setting available and in close proximity to the
8 child's home. Child welfare services include but are not
9 limited to all of the following:

- 10 a. Foster care and other services listed in section
11 234.35.
- 12 b. Services or support provided to a child with mental
13 retardation or other developmental disability or to the
14 child's family.
- 15 c. Intensive family preservation services and family-
16 centered services, as defined in section 232.102, subsection
17 10, paragraph "b".
- 18 d. Other services involving placement of a child outside
19 the child's home or the prevention of such placements.

20 3. "Children's authority" means the department or the
21 state agency designated under section 235.7 to fulfill the
22 duties of the state division and the administrator under this
23 chapter.

24 4. "Department" means the department of human services.
25 Sec. 12. NEW SECTION. 235.7 CHILDREN'S AUTHORITY.

26 1. SYSTEM CHANGE. The purpose of establishing a
27 children's authority is to improve the child welfare services
28 system in this state by changing the roles of the state and
29 service providers, providing greater flexibility, and focusing
30 on performance.

31 2. TASK FORCE. The governor shall establish a task force
32 to provide guidance to the children's authority in making
33 changes to the child welfare services system. The task force
34 membership shall include representatives from the department,
35 counties, and community-based agencies appointed by the

1 governor and shall include members of the general assembly
2 from the majority and minority parties in each chamber of the
3 general assembly appointed by the legislative council.

4 3. AGENCY DESIGNATED. Unless by statute a state agency
5 other than the department is designated to serve as the
6 children's authority on behalf of the state, the department
7 shall be the children's authority. If such a statute is
8 enacted, the designated state agency shall serve as the
9 children's authority in lieu of the department and shall
10 fulfill the duties of the department, state division, and the
11 administrator as provided by this chapter.

12 4. FULFILLING STATUTORY DUTIES. If a state agency other
13 than the department is designated in accordance with
14 subsection 3 to serve as the children's authority, in addition
15 to assuming the duties of the state division and the
16 administrator, that state agency shall fulfill duties and
17 responsibilities and exercise authority otherwise assigned by
18 statute to the department relative to child welfare services,
19 including but not limited to all of the following:

20 a. Court-ordered placements and services and other child
21 welfare services responsibilities involving the department
22 under chapter 232, including but not limited to sections
23 232.52, 232.102, 232.117, 232.127, 232.143, and 232.188.

24 b. Child and family services, including but not limited to
25 fees for child welfare services under section 234.8 and
26 payment responsibility under section 234.35.

27 c. Foster care under chapter 237.

28 d. Child-placing agencies under chapter 238.

29 e. To the maximum extent allowable under federal law and
30 regulation, those services funded under the federal Social
31 Security Act and provided to children in out-of-home
32 placements or to prevent or eliminate the need for such
33 placements, including but not limited to those funded under
34 Title IV-E and XIX of that Act.

35 5. CHILDREN'S AUTHORITY RESPONSIBILITIES. The children's

1 authority shall do all of the following in regard to child
2 welfare services:

- 3 a. Identify needs and determine service eligibility.
- 4 b. Make referrals to service providers.
- 5 c. Provide state oversight and ensure regulatory
6 compliance through an integrated contract management,
7 licensing, and certification process.
- 8 d. Act as liaison with the federal government.
- 9 e. Pay for services.

10 6. SERVICE PROVIDER RESPONSIBILITIES. Service provider
11 agencies shall do all of the following in regard to child
12 welfare services:

- 13 a. Act as the service delivery entity and manage the
14 service delivery system.
- 15 b. Act as the case manager and develop the treatment plan.
- 16 c. Provide treatment services and follow-up.
- 17 d. Comply with contract, licensing, and certification
18 requirements.

19 7. PERFORMANCE-BASED CONTRACTS. The children's authority
20 shall enter into performance-based contracts with service
21 provider agencies to carry out the responsibilities outlined
22 in subsection 6. The performance-based contracts shall be
23 developed in a manner to ensure proper documentation is
24 maintained, risks and liabilities are shared, and flexibility
25 is provided for innovative care.

26 Sec. 13. IMPLEMENTATION. Unless the children's authority
27 established under this Act concurs with a request approved by
28 the task force established under this Act for graduated
29 implementation, implementation of the child welfare services
30 system changes made pursuant to this Act shall begin January
31 1, 2004.

32 DIVISION VI

33 MENTAL HEALTH INSTITUTES

34 Sec. 14. STATE MENTAL HEALTH INSTITUTES -- COMPREHENSIVE
35 STUDY.

1 1. The departments of human services and corrections shall
2 conduct a comprehensive study of alternative uses of the four
3 state mental health institutes, including but not limited to
4 the feasibility of using two of the four campuses as
5 facilities to house those correctional facility inmates who
6 are in need of mental health treatment. The feasibility study
7 shall consider whether such an alternative use would
8 significantly ease correctional facility overcrowding, would
9 significantly increase the success of rehabilitative efforts
10 directed at inmates, and after shifting to an alternative use,
11 whether the four facilities could be operated without
12 requiring more funding than provided to operate the four as
13 state mental health institutes and to provide mental health
14 treatment in Iowa's prisons. The study shall include analyses
15 from both departments addressing the potential effects of
16 various options on the state employee workforce at the
17 facilities and shall identify the appropriate number of state
18 mental health institute beds in the state. The study's report
19 shall be submitted to the governor and general assembly on or
20 before December 31, 2003.

21 2. If the study demonstrates the efficacy of using two
22 state mental health institute campuses as correctional
23 facilities, the two departments shall submit proposed
24 legislation to the general assembly for the 2004 legislative
25 session to implement the alternative. If the study
26 demonstrates that such an alternative use, or any other
27 alternative use is not efficacious, the department of human
28 services shall submit proposed legislation to the general
29 assembly for the 2004 legislative session that would
30 consolidate the services provided in the four state mental
31 health institutes into two of the institutes, with one serving
32 the eastern portion of the state, and the other serving the
33 western portion of the state.

34 Sec. 15. EFFECTIVE DATE. This division of the Act,
35 relating to the state mental health institutes, being deemed

1 of immediate importance, takes effect upon enactment.

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DIVISION VII

3

COMMUNITY-BASED CORRECTIONS

4 Sec. 16. Section 904.101, Code 2003, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 2A. "Community-based correctional
7 administrator" means the person coordinating the
8 administration of the judicial district departments of
9 correctional services.

10 Sec. 17. Section 904.104, Code 2003, is amended to read as
11 follows:

12 904.104 BOARD CREATED.

13 A board of corrections is created within the department.
14 The board shall consist of ~~seven~~ five members appointed by the
15 governor and two members appointed by the boards of directors
16 of the judicial district departments of correctional services
17 pursuant to section 905.4, all subject to confirmation by the
18 senate. Not more than four of the members shall be from the
19 same political party. Members shall be electors of this
20 state. Members of the board shall serve four-year staggered
21 terms.

22 Sec. 18. Section 904.108, subsection 1, Code 2003, is
23 amended by adding the following new paragraph after paragraph
24 b:

25 NEW PARAGRAPH. bb. Supervise the community-based
26 correctional administrator.

27 Sec. 19. Section 904.108, subsection 1, Code 2003, is
28 amended by adding the following new paragraph:

29 NEW PARAGRAPH. p. Review the qualifications and
30 recommendations of individuals for the position of director of
31 a judicial district department of correctional services who
32 have been recommended for the position by a district board as
33 provided in section 905.4.

34 Sec. 20. NEW SECTION. 904.108A COMMUNITY-BASED
35 CORRECTIONAL ADMINISTRATOR.

1 1. The community-based correctional administrator shall be
2 appointed by the governor and shall serve at the pleasure of
3 the governor. The administrator shall be knowledgeable in the
4 administration of correctional programs, and shall possess
5 administrative ability. The administrator shall be supervised
6 by the director.

7 2. The community-based correctional administrator shall
8 coordinate and administer the judicial district departments of
9 correctional services and the duties of the administrator
10 shall include but are not limited to developing and managing a
11 plan for the establishment, implementation, and operation of
12 community-based correctional programs among the judicial
13 district departments of correctional services. The
14 administrator shall appoint the directors of the judicial
15 district departments of correctional services. The director
16 of a judicial district department of correctional services
17 shall serve at the pleasure of the administrator.

18 Sec. 21. Section 905.2, Code 2003, is amended to read as
19 follows:

20 905.2 DISTRICT DEPARTMENTS ESTABLISHED.

21 There is established in each judicial district in this
22 state a public agency to be known as the "..... judicial
23 district department of correctional services." Each district
24 department shall furnish or contract for those services
25 necessary to provide a community-based correctional program
26 which meets the needs of that judicial district. The district
27 department is under the direction of a board of directors,
28 selected as provided in section 905.3, and shall be
29 administered by a director employed by the board department of
30 corrections. A district department is a state agency for
31 purposes of chapter 669.

32 Sec. 22. Section 905.4, unnumbered paragraph 1, Code 2003,
33 is amended to read as follows:

34 The Consulting with the director, the district board shall:

35 Sec. 23. Section 905.4, subsection 2, Code 2003, is

1 amended to read as follows:

2 2. ~~Employ a director having the qualifications required by~~
3 ~~section 905.6 to head the district department's community-~~
4 ~~based correctional program and, within a range established by~~
5 ~~the Iowa department of corrections, fix the compensation of~~
6 ~~and have control over the director and the district~~
7 ~~department's staff~~ all district board employees. For purposes
8 of collective bargaining under chapter 20, employees of the
9 district board who are not exempt from chapter 20 are
10 employees of the state, and the employees of all of the
11 district boards shall be included within one collective
12 bargaining unit.

13 Sec. 24. Section 905.4, Code 2003, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 12. Appoint two persons to the board of
16 corrections as provided in section 904.104. Persons shall be
17 appointed to the board of corrections by a majority vote of
18 all the individual members of the boards of directors of the
19 judicial district departments of correctional services.

20 Sec. 25. Section 905.4, Code 2003, is amended by adding
21 the following new unnumbered paragraph after subsection 12:

22 NEW UNNUMBERED PARAGRAPH. The district board may recommend
23 to the director of the department of corrections individuals
24 qualified for the position of director of the judicial
25 district department of correctional services when a vacancy
26 exists in the office of director.

27 Sec. 26. Section 905.6, unnumbered paragraph 1, Code 2003,
28 is amended to read as follows:

29 The director employed by the ~~district board under section~~
30 ~~905.4, subsection 2,~~ department of corrections shall be
31 qualified in the administration of correctional programs. The
32 director shall:

33 Sec. 27. CORRECTIONS BOARD TRANSITION. Notwithstanding
34 section 904.104, the board of corrections shall consist of
35 eight or nine members until the number of members not

1 appointed by the boards of directors of judicial district
2 departments of correctional services is reduced to five, by
3 attrition, commencing with any vacancy occurring on or after
4 July 1, 2003. For purposes of this section "vacancy" means
5 the death, resignation, or removal of a member of the board.

6

EXPLANATION

7 This bill relates to government efficiency by providing for
8 the delivery of administrative services to state government,
9 establishment of common state services administrative
10 boundaries, revising medical assistance program eligibility
11 and benefits provisions, improving coordination of veterans
12 benefits eligibility determinations, requiring a comprehensive
13 study of the state mental health institutes, and revising
14 requirements involving the judicial district department of
15 correctional services.

16 Division I provides for the delivery of state government
17 services as it relates to the following designated state
18 services: printing, information technology, mail, human
19 resource benefits and payroll, financial accounting, property
20 management, fleet management, and purchasing services.

21 Division I exempts the judicial branch, the legislative
22 branch, the offices of elected officials, area education
23 agencies, and community colleges from the requirements of the
24 bill. In addition, the state board of regents is exempt from
25 the requirements of the bill as they relate to the delivery of
26 information technology and mail services, and such other
27 services as determined by the department of management.

28 Division I provides that the department of management may
29 determine how designated state services shall be delivered and
30 shall determine which governmental agency shall be the lead
31 agency for each of the designated state services. Division I
32 also provides that the department of management may be the
33 lead agency for an area. The lead agency shall be responsible
34 for setting policy for the designated state services and may
35 decide to perform the services or to designate a delivering

1 agency to perform the services. Division I provides that a
2 delivering agency may be a governmental agency or a
3 nongovernmental entity that performs designated state
4 services.

5 Division I further provides that the delivery of printing
6 services shall be subject to a managed competition process by
7 July 1, 2004. In addition, fleet management services shall be
8 subject to a managed competition process by July 1, 2005.

9 Division I also provides that the lead agency for information
10 technology services shall be determined and all employees and
11 applicable appropriations shall be transferred to the lead
12 agency by July 1, 2003. In addition, the three major data
13 centers shall be physically merged into one data center by
14 July 1, 2004. Division I also provides that the state auditor
15 shall be consulted regarding decisions related to designating
16 lead and delivery agencies and concerning any managed
17 competition process.

18 Division I provides that the requirements of the bill apply
19 notwithstanding any provision of the Iowa Code to the
20 contrary.

21 Division I takes effect upon enactment.

22 Division II provides for the establishment of a state
23 services regional boundaries task force whose charge shall be
24 the development of a proposal to create not more than eight
25 common regions for area education agencies, department of
26 human services service areas, judicial districts, and judicial
27 district departments of correctional services. The task force
28 shall be comprised of a representative from the area education
29 agencies, department of human services, judicial district
30 departments of correctional services, two citizens appointed
31 by the governor, a representative appointed by the chief
32 justice, a citizen appointed by the majority party leadership
33 of the general assembly, and a citizen appointed by the
34 minority party leadership of the general assembly.

35 Division II provides that the task force shall make

1 recommendations to the general assembly for common boundaries
2 by October 1, 2003. If the task force fails to make a
3 recommendation, division II provides that the joint
4 legislative government oversight committee shall provide
5 criteria upon which the legislative service bureau shall
6 design a plan with common boundaries to be submitted to the
7 general assembly by December 31, 2003. At a minimum, the
8 criteria shall provide that the legislative service bureau
9 consider the needs of the entities delivering state services
10 and identify the boundaries that will provide the greatest
11 efficiencies, while maximizing the ability to deliver the
12 services with limited financial resources. Division II
13 further provides that any proposal submitted to the general
14 assembly shall include a provision establishing an advisory
15 committee in each new district to provide input for the
16 planning and implementation of the staffing and operations of
17 the new district.

18 Division II takes effect upon enactment.

19 Division III relates to the medical assistance program
20 including measures addressing pharmaceuticals and eligibility
21 provisions.

22 Division III provides that beginning July 1, 2003, the
23 department of human services is to reimburse pharmacy
24 dispensing fees under the medical assistance program using a
25 rate of \$4 per prescription or the pharmacy's usual and
26 customary fee, whichever is lower. Currently, the rate is
27 \$5.17 per prescription or the pharmacy's usual and customary
28 fee, whichever is lower.

29 Division III also directs the department of human services
30 to adopt rules to require the use under the medical assistance
31 program of the least-cost generic drug for all categories of
32 prescription drugs in which at least three AB-rated drugs have
33 been established. The rules are to include that reimbursement
34 for these drugs does not exceed 135 percent of the average-
35 cost drug in the category, subject to any existing upper

1 reimbursement limits. The average may be established
2 utilizing data from national buying groups that are accessible
3 to all pharmacists. Division III provides that it is the
4 intent of the general assembly that the department of human
5 services implement this provision to the extent allowed under
6 federal law and in an administratively efficient manner.

7 Division III directs the department of human services to
8 develop a preferred drug list and prior authorization program
9 as the basis for pursuing supplemental rebates from
10 pharmaceutical manufacturers under the medical assistance
11 program. The department is directed to pursue negotiations
12 with pharmaceutical manufacturers, including possible regional
13 collaboration, to achieve supplemental rebates or other means,
14 which may include direct purchase from pharmaceutical
15 manufacturers, and to reduce the cost of pharmaceuticals under
16 the medical assistance program.

17 Division IV relates to veterans benefits eligibility
18 determinations.

19 New Code section 135C.31A provides that beginning July 1,
20 2003, a health care facility receiving reimbursement under the
21 medical assistance program shall determine, prior to the
22 initial admission of a resident, the prospective resident's
23 eligibility for benefits through the United States department
24 of veterans affairs. A health care facility shall also
25 determine the eligibility of current residents residing in the
26 facility on July 1, 2003. The health care facility is
27 directed to report any information collected to the Iowa
28 commission of veterans affairs. The department of inspections
29 and appeals, in cooperation with the Iowa commission of
30 veterans affairs and the department of human services, is
31 directed to adopt rules to implement the Code section,
32 including a provision that ensures that if a resident is
33 eligible for veterans benefits or other third-party payor
34 benefits, the payor of last resort for reimbursement to the
35 health care facility is the medical assistance program.

1 Division IV also provides that it is the intent of the
2 general assembly that a full-time equivalent position be
3 designated and assigned to work with health care facility
4 residents and that the county directors of veteran affairs be
5 directed to collaborate with the commission of veterans
6 affairs to maximize receipt of veterans benefits by eligible
7 veterans and their dependents.

8 Division V establishes a children's authority to make
9 changes in the child welfare services system and identifies
10 the respective state and community agency responsibilities for
11 such services.

12 Division V amends the definitions section in Code chapter
13 235, relating to child welfare, to add to the definition of
14 child welfare services, and add new definitions for the
15 department of human services and the children's authority
16 established by the bill.

17 New Code section 235.7 states the purpose of identifying a
18 children's authority is to make changes in the child welfare
19 system, provides for creation of a task force to advise on
20 system change, provides contingent authority in the event a
21 statute is enacted assigning a state agency other than the
22 department of human services to serve as the children's
23 authority, enumerates responsibilities of the children's
24 authority and service providers in a changed system, and
25 requires the children's authority to utilize a performance-
26 based contracting approach with service providers.

27 Division V requires implementation of system changes to
28 begin January 1, 2004, unless the children's authority concurs
29 with a request approved by the task force for a graduated
30 implementation.

31 Division VI directs the departments of human services and
32 corrections to conduct a comprehensive study of alternative
33 uses for the four state mental health institutes (MHIs). One
34 of the alternative uses to be studied is for using two of the
35 MHIs as facilities to house correctional facility inmates who

1 need mental health treatment. Various criteria are to be
2 covered in the study, including budget considerations. The
3 study is required to include analyses from both departments
4 addressing the potential effects of various options on the
5 state employee workforce at the facilities and to identify the
6 appropriate number of state mental health institute beds in
7 the state. The report is required to be submitted to the
8 governor and general assembly by December 31, 2003.

9 If the study indicates shifting MHIs to alternative use as
10 correctional facilities is efficacious, the two departments
11 are to submit proposed legislation to implement the shift for
12 consideration during the 2004 Legislative Session. Otherwise,
13 the department of human services is required to submit
14 proposed legislation for consideration during the 2004
15 legislative session that would consolidate the four MHIs into
16 two institutes, with one serving the eastern portion of the
17 state, and the other serving the western portion of the state.

18 Division VI takes effect upon enactment.

19 Division VII relates to the judicial district department of
20 correctional services by creating a new community-based
21 correctional administrator position within the department of
22 corrections, and by making changes to the membership of the
23 board of corrections.

24 Division VII creates the position of community-based
25 correctional administrator to be appointed by and serve at the
26 pleasure of the governor. The bill provides that the
27 community-based correctional administrator shall coordinate
28 the administration of the judicial district departments of
29 correctional services (judicial districts). Under the bill,
30 the director of the department of corrections shall supervise
31 the community-based correctional administrator. The bill
32 provides that the community-based correctional administrator
33 appoints the directors of the judicial districts and that the
34 directors serve at the pleasure of the community-based
35 correctional administrator. The bill provides that the

1 directors of the judicial districts be employed by the
2 department of corrections. The bill also provides that the
3 board of a judicial district shall retain its duties pursuant
4 to Code section 905.4, but the bill requires the judicial
5 district board to consult with the director of the judicial
6 district before exercising its duties. Current law provides
7 the director of a judicial district is employed by the
8 judicial district board.

9 Division VII temporarily changes the composition of the
10 board of corrections from seven members to eight or nine
11 members. Division VII permits the boards of the judicial
12 districts to appoint two members to the board of corrections.
13 Division VII provides that the board of corrections consists
14 of eight or nine members until the number of members not
15 appointed by the boards of directors of the judicial district
16 departments is reduced to five, by attrition, commencing with
17 any vacancy occurring on or after July 1, 2003. The two
18 members appointed by the boards of the judicial districts are
19 appointed by a majority vote of all the individual members of
20 the boards of directors of the judicial districts. Division
21 VII provides that the five seats not appointed by the boards
22 of the judicial districts are appointed by the governor, and
23 the bill and current law provide that all appointments are
24 subject to confirmation by the senate.

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Succeeded By HSB 139
SF 211 OVERSIGHT.

SENATE/HOUSE FILE _____
BY (RECOMMENDED BY PROGRAM
ELIMINATION COMMISSION)

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

A BILL FOR

1 An Act relating to government efficiency by providing for the
2 delivery of administrative services to state government,
3 establishment of common state services regional boundaries,
4 revising medical assistance program eligibility and benefits
5 provisions, improving coordination of veterans benefits
6 eligibility determinations, requiring a comprehensive study of
7 the state mental health institutes, and revising requirements
8 involving the judicial district departments of correctional
9 services, and providing effective dates.

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

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DIVISION I

ADMINISTRATIVE SERVICES

Section 1. STATE GOVERNMENT ADMINISTRATIVE SERVICES.

1. As used in this section, unless the context otherwise requires:

a. "Delivering agency" is a governmental agency, other than the primary agency setting policy for the delivery of a designated state service, or a nongovernmental entity designated by the applicable lead agency to deliver a designated state service.

b. "Designated state service" means one of the following services provided to state agencies: printing, information technology, mail, human resource benefits and payroll, financial accounting, property management, fleet management, and purchasing services.

c. "Lead agency" is a governmental agency that may or may not deliver a designated state service, but is the primary agency setting policy for the delivery of the service, and may assign the delivery of the service to a delivering agency.

d. "Managed competition" means a process that allows both state government entities and nonstate government entities to submit competitive bids to provide designated state services, which process takes into account the true cost-accounting costs for state government entities and may result in multiple providers of the same designated state service. The use of managed competition shall not preclude the use of other entrepreneurial steps in any area.

2. a. The department of management may, pursuant to the requirements of this section, determine how the designated state services of all executive branch agencies, community-based corrections districts, and other state governmental entities shall be delivered.

b. This section shall not apply to the judicial branch, legislative branch, statewide elected officials, area education agencies, and community colleges. In addition, the

1 state board of regents shall be exempt from the requirements
2 of this section as it relates to the delivery of information
3 technology and mail services, and such other services as
4 determined by the department of management.

5 3. The department of management shall determine which
6 governmental agency shall be the lead agency for each
7 designated state service. The department of management may be
8 designated a lead agency. The lead agency may delegate the
9 authority to designate a delivering agency to a group of
10 government consumers of the designated state service. In
11 addition, the lead agency may delegate responsibilities to any
12 government subdivision for the purposes of fulfilling that
13 lead agency's or the government subdivision's needs in a
14 designated state service.

15 4. The following duties relating to state administrative
16 services shall be performed as provided by this subsection.

17 a. By July 1, 2004, the lead agency for printing services
18 shall submit a request for proposals for a managed competition
19 for printing services. The request for proposals shall allow
20 for the awarding of all or parts of printing services to a
21 governmental agency or nongovernmental entity.

22 b. The lead agency for information technology services
23 shall determine the means of delivery for all information
24 technology services, including determining which services
25 shall remain the responsibility of individual state agencies.
26 The lead agency shall determine which application development
27 activities shall remain as responsibilities of the individual
28 state agencies. As of July 1, 2003, all employees delivering
29 information technology services shall be transferred to the
30 lead agency or applicable delivering agency and any funding
31 appropriated for such services shall also be transferred, as
32 determined by the department of management.

33 c. The three major data centers of state government shall
34 be physically merged into one data center as expeditiously as
35 possible, no later than July 1, 2004.

1 d. The department of management may limit unified fleet
2 management responsibilities to cars and small trucks. By July
3 1, 2005, the fleet management operations shall be subject to a
4 managed competition process conducted by the lead agency for
5 fleet management services. Any one-time savings shall be
6 amortized based on state government's average borrowing cost
7 for funds over the preceding five years.

8 5. The auditor of state shall be consulted on the
9 designation of a lead agency or delivering agency, and a
10 decision to conduct a managed competition process for each
11 designated state service. The auditor of state shall also be
12 consulted regarding the issuance of a request for proposals
13 and shall also be consulted in the award process. The auditor
14 of state's role is to provide advice as to whether an approach
15 offers the best opportunity for reducing state government
16 costs.

17 6. The provisions of this section apply notwithstanding
18 any provision of the Iowa Code to the contrary.

19 Sec. 2. EFFECTIVE DATE. This division of this Act,
20 relating to state government administrative services, being
21 deemed of immediate importance, takes effect upon enactment.

22 DIVISION II

23 REGIONAL BOUNDARIES

24 Sec. 3. STATE SERVICES REGIONAL BOUNDARIES.

25 1. A state services regional boundaries task force,
26 hereafter referred to as the task force, is created. The task
27 force shall be comprised of eight members selected in the
28 following manner:

29 a. One member shall be appointed jointly by the
30 administrators of the area education agencies created by
31 chapter 273.

32 b. One member shall be appointed by the director of the
33 department of human services.

34 c. One member shall be appointed jointly by the directors
35 of the judicial district departments of correctional services

1 created by chapter 905.

2 d. One member shall be appointed by the chief justice of
3 the supreme court.

4 e. Two citizen members shall be appointed by the governor.

5 f. One citizen member shall be appointed jointly by the
6 majority leader of the senate and the speaker of the house of
7 representatives.

8 g. One citizen member shall be appointed jointly by the
9 minority leader of the senate and the house of
10 representatives.

11 2. The task force is charged with the responsibility of
12 proposing common boundaries for area education agencies,
13 department of human services service areas, judicial
14 districts, and judicial district departments of correctional
15 services. No more than eight regions shall be proposed by the
16 task force; however, any entity may have fewer regions if the
17 larger region boundaries are consistent with the smaller
18 coextensive region boundaries. The task force shall issue a
19 report to the general assembly's joint government oversight
20 committee by October 1, 2003, containing its findings and
21 recommended service area boundaries.

22 3. If the task force fails to issue a report by October 1,
23 2003, or if no common state services regional boundaries
24 proposal is contained in its recommendations, the joint
25 legislative government oversight committee shall direct the
26 legislative service bureau to develop a plan for common
27 regional boundaries for submission to the general assembly
28 which plan shall be submitted to the general assembly by
29 December 31, 2003. The joint government oversight committee
30 shall develop the criteria to be followed by the legislative
31 service bureau in establishing a common regional boundaries
32 plan. The criteria shall provide, at a minimum, that the
33 legislative service bureau consider the needs of the entities
34 providing state services and identify the boundaries that will
35 provide the greatest efficiencies, while maximizing the

1 ability to deliver state services with limited financial
2 resources.

3 4. A plan for common regional boundaries submitted to the
4 general assembly pursuant to this section shall provide for
5 the establishment of an advisory committee within each new
6 region to provide input for the planning and implementation of
7 the staffing and operations of the new region.

8 Sec. 4. EFFECTIVE DATE. This division of this Act,
9 relating to administrative services boundary redistricting,
10 being deemed of immediate importance, takes effect upon
11 enactment.

12 DIVISION III

13 MEDICAL ASSISTANCE PROGRAM

14 Sec. 5. PHARMACY DISPENSING FEES -- MEDICAL ASSISTANCE
15 PROGRAM. Beginning July 1, 2003, the department of human
16 services shall reimburse pharmacy dispensing fees under the
17 medical assistance program using a rate of \$4 per prescription
18 or the pharmacy's usual and customary fee, whichever is lower.

19 Sec. 6. USE OF LEAST-COST GENERIC DRUGS -- MEDICAL
20 ASSISTANCE PROGRAM. The department of human services shall
21 adopt rules to require the use under the medical assistance
22 program of the least-cost generic drug for all categories of
23 prescription drugs in which at least three AB-rated drugs have
24 been established. The rules shall include that reimbursement
25 for these drugs does not exceed 135 percent of the average-
26 cost drug in the category, subject to any existing upper
27 reimbursement limits. The average cost may be established
28 utilizing data from national buying groups that are accessible
29 to all pharmacists. It is the intent of the general assembly
30 that the department of human services implement this provision
31 to the extent allowed under federal law and in an
32 administratively efficient manner. For the purpose of this
33 section, "AB-rated drug" means any products coded AB by the
34 food and drug administration of the United States department
35 of health and human services.

1 Sec. 7. PREFERRED DRUG LIST. The department of human
2 services shall develop a preferred drug list and prior
3 authorization program as the basis for pursuing supplemental
4 rebates from pharmaceutical manufacturers under the medical
5 assistance program. The department shall pursue negotiations
6 with pharmaceutical manufacturers, including possible regional
7 collaboration, to achieve supplemental rebates or other means,
8 which may include direct purchase from pharmaceutical
9 manufacturers, to reduce the cost of pharmaceuticals under the
10 medical assistance program. For the purpose of this section,
11 "supplemental rebates" means rebates in addition to those
12 rebates designated by the federal government under the rebate
13 program.

14 Sec. 8. ELIGIBILITY COMPLIANCE -- MEDICAL ASSISTANCE
15 PROGRAM. The department of human services, in coordination
16 with the auditor of state, shall perform random audits of
17 medical assistance program recipient eligibility to determine
18 compliance with eligibility requirements. The department
19 shall implement additional screening procedures, including but
20 not limited to expanded employment checks with the department
21 of revenue and finance, if audit results indicate a cost-
22 benefit return resulting from implementation of such
23 procedures. The additional screening procedures shall not be
24 interpreted to include a requirement for monthly reporting by
25 recipients. The department of human services shall report the
26 results of the audit, the implementation of any additional
27 screening procedures, and the results of implementation of any
28 additional screening procedures to the general assembly's
29 committees on government oversight.

30 DIVISION IV
31 VETERANS BENEFITS

32 Sec. 9. NEW SECTION. 135C.31A ASSESSMENT OF RESIDENT
33 PROGRAM ELIGIBILITY.

34 Beginning July 1, 2003, a health care facility receiving
35 reimbursement through the medical assistance program under

1 chapter 249A shall determine, prior to the initial admission
2 of a resident, the prospective resident's eligibility for
3 benefits through the United States department of veterans
4 affairs. A health care facility shall also determine the
5 eligibility of current residents residing in the facility on
6 July 1, 2003 for such benefits. The health care facility
7 shall report any information collected to the Iowa commission
8 of veterans affairs. The department of inspections and
9 appeals, in cooperation with the Iowa commission of veterans
10 affairs and the department of human services, shall adopt
11 rules to administer this section including a provision that
12 ensures that if a resident is eligible for benefits through
13 the United States department of veterans affairs or other
14 third-party payor, the payor of last resort for reimbursement
15 to the health care facility is the medical assistance program.

16 Sec. 10. COORDINATION OF EFFORTS -- VETERANS BENEFITS
17 ELIGIBILITY DETERMINATIONS. It is the intent of the general
18 assembly that a full-time equivalent position be designated
19 and assigned to work with health care facility residents and
20 that the county directors of veteran affairs be directed to
21 collaborate with the Iowa commission of veterans affairs to
22 maximize the receipt of benefits through the United States
23 department of veterans affairs by eligible veterans and their
24 dependents.

25 DIVISION V

26 CHILDREN'S AUTHORITY

27 Sec. 11. Section 235.1, Code 2003, is amended to read as
28 follows:

29 235.1 DEFINITIONS.

30 1. The terms "state division", "administrator", and
31 "child" are used in this chapter and chapter 238 as the terms
32 are defined in section 234.1.

33 2. "Child welfare services" means social welfare services
34 for the protection and care of children who are homeless,
35 dependent or neglected, or in danger of becoming delinquent,

1 or who have a mental illness or mental retardation or other
2 developmental disability, including, when necessary, care and
3 maintenance in a foster care facility. Child welfare services
4 are designed to serve a child in the child's home whenever
5 possible. If not possible, and the child is placed outside
6 the child's home, the placement should be in the least
7 restrictive setting available and in close proximity to the
8 child's home. Child welfare services include but are not
9 limited to all of the following:

10 a. Foster care and other services listed in section
11 234.35.

12 b. Services or support provided to a child with mental
13 retardation or other developmental disability or to the
14 child's family.

15 c. Intensive family preservation services and family-
16 centered services, as defined in section 232.102, subsection
17 10, paragraph "b".

18 d. Other services involving placement of a child outside
19 the child's home or the prevention of such placements.

20 3. "Children's authority" means the department or the
21 state agency designated under section 235.7 to fulfill the
22 duties of the state division and the administrator under this
23 chapter.

24 4. "Department" means the department of human services.

25 Sec. 12. NEW SECTION. 235.7 CHILDREN'S AUTHORITY.

26 1. SYSTEM CHANGE. The purpose of establishing a
27 children's authority is to improve the child welfare services
28 system in this state by changing the roles of the state and
29 service providers, providing greater flexibility, and focusing
30 on performance.

31 2. TASK FORCE. The governor shall establish a task force
32 to provide guidance to the children's authority in making
33 changes to the child welfare services system. The task force
34 membership shall include representatives from the department,
35 counties, and community-based agencies appointed by the

1 governor and shall include members of the general assembly
2 from the majority and minority parties in each chamber of the
3 general assembly appointed by the legislative council.

4 3. AGENCY DESIGNATED. Unless by statute a state agency
5 other than the department is designated to serve as the
6 children's authority on behalf of the state, the department
7 shall be the children's authority. If such a statute is
8 enacted, the designated state agency shall serve as the
9 children's authority in lieu of the department and shall
10 fulfill the duties of the department, state division, and the
11 administrator as provided by this chapter.

12 4. FULFILLING STATUTORY DUTIES. If a state agency other
13 than the department is designated in accordance with
14 subsection 3 to serve as the children's authority, in addition
15 to assuming the duties of the state division and the
16 administrator, that state agency shall fulfill duties and
17 responsibilities and exercise authority otherwise assigned by
18 statute to the department relative to child welfare services,
19 including but not limited to all of the following:

20 a. Court-ordered placements and services and other child
21 welfare services responsibilities involving the department
22 under chapter 232, including but not limited to sections
23 232.52, 232.102, 232.117, 232.127, 232.143, and 232.188.

24 b. Child and family services, including but not limited to
25 fees for child welfare services under section 234.8 and
26 payment responsibility under section 234.35.

27 c. Foster care under chapter 237.

28 d. Child-placing agencies under chapter 238.

29 e. To the maximum extent allowable under federal law and
30 regulation, those services funded under the federal Social
31 Security Act and provided to children in out-of-home
32 placements or to prevent or eliminate the need for such
33 placements, including but not limited to those funded under
34 Title IV-E and XIX of that Act.

35 5. CHILDREN'S AUTHORITY RESPONSIBILITIES. The children's

1 authority shall do all of the following in regard to child
2 welfare services:

3 a. Identify needs and determine service eligibility.

4 b. Make referrals to service providers.

5 c. Provide state oversight and ensure regulatory
6 compliance through an integrated contract management,
7 licensing, and certification process.

8 d. Act as liaison with the federal government.

9 e. Pay for services.

10 6. SERVICE PROVIDER RESPONSIBILITIES. Service provider
11 agencies shall do all of the following in regard to child
12 welfare services:

13 a. Act as the service delivery entity and manage the
14 service delivery system.

15 b. Act as the case manager and develop the treatment plan.

16 c. Provide treatment services and follow-up.

17 d. Comply with contract, licensing, and certification
18 requirements.

19 7. PERFORMANCE-BASED CONTRACTS. The children's authority
20 shall enter into performance-based contracts with service
21 provider agencies to carry out the responsibilities outlined
22 in subsection 6. The performance-based contracts shall be
23 developed in a manner to ensure proper documentation is
24 maintained, risks and liabilities are shared, and flexibility
25 is provided for innovative care.

26 Sec. 13. IMPLEMENTATION. Unless the children's authority
27 established under this Act concurs with a request approved by
28 the task force established under this Act for graduated
29 implementation, implementation of the child welfare services
30 system changes made pursuant to this Act shall begin January
31 1, 2004.

32 DIVISION VI

33 MENTAL HEALTH INSTITUTES

34 Sec. 14. STATE MENTAL HEALTH INSTITUTES -- COMPREHENSIVE
35 STUDY.

1 1. The departments of human services and corrections shall
2 conduct a comprehensive study of alternative uses of the four
3 state mental health institutes, including but not limited to
4 the feasibility of using two of the four campuses as
5 facilities to house those correctional facility inmates who
6 are in need of mental health treatment. The feasibility study
7 shall consider whether such an alternative use would
8 significantly ease correctional facility overcrowding, would
9 significantly increase the success of rehabilitative efforts
10 directed at inmates, and after shifting to an alternative use,
11 whether the four facilities could be operated without
12 requiring more funding than provided to operate the four as
13 state mental health institutes and to provide mental health
14 treatment in Iowa's prisons. The study shall include analyses
15 from both departments addressing the potential effects of
16 various options on the state employee workforce at the
17 facilities and shall identify the appropriate number of state
18 mental health institute beds in the state. The study's report
19 shall be submitted to the governor and general assembly on or
20 before December 31, 2003.

21 2. If the study demonstrates the efficacy of using two
22 state mental health institute campuses as correctional
23 facilities, the two departments shall submit proposed
24 legislation to the general assembly for the 2004 legislative
25 session to implement the alternative. If the study
26 demonstrates that such an alternative use, or any other
27 alternative use is not efficacious, the department of human
28 services shall submit proposed legislation to the general
29 assembly for the 2004 legislative session that would
30 consolidate the services provided in the four state mental
31 health institutes into two of the institutes, with one serving
32 the eastern portion of the state, and the other serving the
33 western portion of the state.

34 Sec. 15. EFFECTIVE DATE. This division of the Act,
35 relating to the state mental health institutes, being deemed

1 of immediate importance, takes effect upon enactment.

2

DIVISION VII

3

COMMUNITY-BASED CORRECTIONS

4 Sec. 16. Section 904.101, Code 2003, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 2A. "Community-based correctional
7 administrator" means the person coordinating the
8 administration of the judicial district departments of
9 correctional services.

10 Sec. 17. Section 904.104, Code 2003, is amended to read as
11 follows:

12 904.104 BOARD CREATED.

13 A board of corrections is created within the department.

14 The board shall consist of ~~seven~~ five members appointed by the
15 governor and two members appointed by the boards of directors
16 of the judicial district departments of correctional services
17 pursuant to section 905.4, all subject to confirmation by the
18 senate. Not more than four of the members shall be from the
19 same political party. Members shall be electors of this
20 state. Members of the board shall serve four-year staggered
21 terms.

22 Sec. 18. Section 901.108, subsection 1, Code 2003, is
23 amended by adding the following new paragraph after paragraph
24 b:

25 NEW PARAGRAPH. bb. Supervise the community-based
26 correctional administrator.

27 Sec. 19. Section 904.108, subsection 1, Code 2003, is
28 amended by adding the following new paragraph:

29 NEW PARAGRAPH. p. Review the qualifications and
30 recommendations of individuals for the position of director of
31 a judicial district department of correctional services who
32 have been recommended for the position by a district board as
33 provided in section 905.4.

34 Sec. 20. NEW SECTION. 904.108A COMMUNITY-BASED
35 CORRECTIONAL ADMINISTRATOR.

1 1. The community-based correctional administrator shall be
2 appointed by the governor and shall serve at the pleasure of
3 the governor. The administrator shall be knowledgeable in the
4 administration of correctional programs, and shall possess
5 administrative ability. The administrator shall be supervised
6 by the director.

7 2. The community-based correctional administrator shall
8 coordinate and administer the judicial district departments of
9 correctional services and the duties of the administrator
10 shall include but are not limited to developing and managing a
11 plan for the establishment, implementation, and operation of
12 community-based correctional programs among the judicial
13 district departments of correctional services. The
14 administrator shall appoint the directors of the judicial
15 district departments of correctional services. The director
16 of a judicial district department of correctional services
17 shall serve at the pleasure of the administrator.

18 Sec. 21. Section 905.2, Code 2003, is amended to read as
19 follows:

20 905.2 DISTRICT DEPARTMENTS ESTABLISHED.

21 There is established in each judicial district in this
22 state a public agency to be known as the "..... judicial
23 district department of correctional services." Each district
24 department shall furnish or contract for those services
25 necessary to provide a community-based correctional program
26 which meets the needs of that judicial district. The district
27 department is under the direction of a board of directors,
28 selected as provided in section 905.3, and shall be
29 administered by a director employed by the board department of
30 corrections. A district department is a state agency for
31 purposes of chapter 669.

32 Sec. 22. Section 905.4, unnumbered paragraph 1, Code 2003,
33 is amended to read as follows:

34 The Consulting with the director, the district board shall:

35 Sec. 23. Section 905.4, subsection 2, Code 2003, is

1 amended to read as follows:

2 2. ~~Employ a director having the qualifications required by~~
3 ~~section 905.6 to head the district department's community-~~
4 ~~based correctional program and, within a range established by~~
5 ~~the Iowa department of corrections, fix the compensation of~~
6 ~~and have control over the director and the district~~
7 ~~department's staff~~ all district board employees. For purposes
8 of collective bargaining under chapter 20, employees of the
9 district board who are not exempt from chapter 20 are
10 employees of the state, and the employees of all of the
11 district boards shall be included within one collective
12 bargaining unit.

13 Sec. 24. Section 905.4, Code 2003, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 12. Appoint two persons to the board of
16 corrections as provided in section 904.104. Persons shall be
17 appointed to the board of corrections by a majority vote of
18 all the individual members of the boards of directors of the
19 judicial district departments of correctional services.

20 Sec. 25. Section 905.4, Code 2003, is amended by adding
21 the following new unnumbered paragraph after subsection 12:

22 NEW UNNUMBERED PARAGRAPH. The district board may recommend
23 to the director of the department of corrections individuals
24 qualified for the position of director of the judicial
25 district department of correctional services when a vacancy
26 exists in the office of director.

27 Sec. 26. Section 905.6, unnumbered paragraph 1, Code 2003,
28 is amended to read as follows:

29 The director employed by the ~~district board under section~~
30 ~~905.4, subsection 2,~~ department of corrections shall be
31 qualified in the administration of correctional programs. The
32 director shall:

33 Sec. 27. CORRECTIONS BOARD TRANSITION. Notwithstanding
34 section 904.104, the board of corrections shall consist of
35 eight or nine members until the number of members not

1 appointed by the boards of directors of judicial district
2 departments of correctional services is reduced to five, by
3 attrition, commencing with any vacancy occurring on or after
4 July 1, 2003. For purposes of this section "vacancy" means
5 the death, resignation, or removal of a member of the board.

6

EXPLANATION

7 This bill relates to government efficiency by providing for
8 the delivery of administrative services to state government,
9 establishment of common state services administrative
10 boundaries, revising medical assistance program eligibility
11 and benefits provisions, improving coordination of veterans
12 benefits eligibility determinations, requiring a comprehensive
13 study of the state mental health institutes, and revising
14 requirements involving the judicial district department of
15 correctional services.

16 Division I provides for the delivery of state government
17 services as it relates to the following designated state
18 services: printing, information technology, mail, human
19 resource benefits and payroll, financial accounting, property
20 management, fleet management, and purchasing services.

21 Division I exempts the judicial branch, the legislative
22 branch, the offices of elected officials, area education
23 agencies, and community colleges from the requirements of the
24 bill. In addition, the state board of regents is exempt from
25 the requirements of the bill as they relate to the delivery of
26 information technology and mail services, and such other
27 services as determined by the department of management.

28 Division I provides that the department of management may
29 determine how designated state services shall be delivered and
30 shall determine which governmental agency shall be the lead
31 agency for each of the designated state services. Division I
32 also provides that the department of management may be the
33 lead agency for an area. The lead agency shall be responsible
34 for setting policy for the designated state services and may
35 decide to perform the services or to designate a delivering

1 agency to perform the services. Division I provides that a
2 delivering agency may be a governmental agency or a
3 nongovernmental entity that performs designated state
4 services.

5 Division I further provides that the delivery of printing
6 services shall be subject to a managed competition process by
7 July 1, 2004. In addition, fleet management services shall be
8 subject to a managed competition process by July 1, 2005.

9 Division I also provides that the lead agency for information
10 technology services shall be determined and all employees and
11 applicable appropriations shall be transferred to the lead
12 agency by July 1, 2003. In addition, the three major data
13 centers shall be physically merged into one data center by
14 July 1, 2004. Division I also provides that the state auditor
15 shall be consulted regarding decisions related to designating
16 lead and delivery agencies and concerning any managed
17 competition process.

18 Division I provides that the requirements of the bill apply
19 notwithstanding any provision of the Iowa Code to the
20 contrary.

21 Division I takes effect upon enactment.

22 Division II provides for the establishment of a state
23 services regional boundaries task force whose charge shall be
24 the development of a proposal to create not more than eight
25 common regions for area education agencies, department of
26 human services service areas, judicial districts, and judicial
27 district departments of correctional services. The task force
28 shall be comprised of a representative from the area education
29 agencies, department of human services, judicial district
30 departments of correctional services, two citizens appointed
31 by the governor, a representative appointed by the chief
32 justice, a citizen appointed by the majority party leadership
33 of the general assembly, and a citizen appointed by the
34 minority party leadership of the general assembly.

35 Division II provides that the task force shall make

1 recommendations to the general assembly for common boundaries
2 by October 1, 2003. If the task force fails to make a
3 recommendation, division II provides that the joint
4 legislative government oversight committee shall provide
5 criteria upon which the legislative service bureau shall
6 design a plan with common boundaries to be submitted to the
7 general assembly by December 31, 2003. At a minimum, the
8 criteria shall provide that the legislative service bureau
9 consider the needs of the entities delivering state services
10 and identify the boundaries that will provide the greatest
11 efficiencies, while maximizing the ability to deliver the
12 services with limited financial resources. Division II
13 further provides that any proposal submitted to the general
14 assembly shall include a provision establishing an advisory
15 committee in each new district to provide input for the
16 planning and implementation of the staffing and operations of
17 the new district.

18 Division II takes effect upon enactment.

19 Division III relates to the medical assistance program
20 including measures addressing pharmaceuticals and eligibility
21 provisions.

22 Division III provides that beginning July 1, 2003, the
23 department of human services is to reimburse pharmacy
24 dispensing fees under the medical assistance program using a
25 rate of \$4 per prescription or the pharmacy's usual and
26 customary fee, whichever is lower. Currently, the rate is
27 \$5.17 per prescription or the pharmacy's usual and customary
28 fee, whichever is lower.

29 Division III also directs the department of human services
30 to adopt rules to require the use under the medical assistance
31 program of the least-cost generic drug for all categories of
32 prescription drugs in which at least three AB-rated drugs have
33 been established. The rules are to include that reimbursement
34 for these drugs does not exceed 135 percent of the average-
35 cost drug in the category, subject to any existing upper

1 reimbursement limits. The average may be established
2 utilizing data from national buying groups that are accessible
3 to all pharmacists. Division III provides that it is the
4 intent of the general assembly that the department of human
5 services implement this provision to the extent allowed under
6 federal law and in an administratively efficient manner.

7 Division III directs the department of human services to
8 develop a preferred drug list and prior authorization program
9 as the basis for pursuing supplemental rebates from
10 pharmaceutical manufacturers under the medical assistance
11 program. The department is directed to pursue negotiations
12 with pharmaceutical manufacturers, including possible regional
13 collaboration, to achieve supplemental rebates or other means,
14 which may include direct purchase from pharmaceutical
15 manufacturers, and to reduce the cost of pharmaceuticals under
16 the medical assistance program.

17 Division IV relates to veterans benefits eligibility
18 determinations.

19 New Code section 135C.31A provides that beginning July 1,
20 2003, a health care facility receiving reimbursement under the
21 medical assistance program shall determine, prior to the
22 initial admission of a resident, the prospective resident's
23 eligibility for benefits through the United States department
24 of veterans affairs. A health care facility shall also
25 determine the eligibility of current residents residing in the
26 facility on July 1, 2003. The health care facility is
27 directed to report any information collected to the Iowa
28 commission of veterans affairs. The department of inspections
29 and appeals, in cooperation with the Iowa commission of
30 veterans affairs and the department of human services, is
31 directed to adopt rules to implement the Code section,
32 including a provision that ensures that if a resident is
33 eligible for veterans benefits or other third-party payor
34 benefits, the payor of last resort for reimbursement to the
35 health care facility is the medical assistance program.

1 Division IV also provides that it is the intent of the
2 general assembly that a full-time equivalent position be
3 designated and assigned to work with health care facility
4 residents and that the county directors of veteran affairs be
5 directed to collaborate with the commission of veterans
6 affairs to maximize receipt of veterans benefits by eligible
7 veterans and their dependents.

8 Division V establishes a children's authority to make
9 changes in the child welfare services system and identifies
10 the respective state and community agency responsibilities for
11 such services.

12 Division V amends the definitions section in Code chapter
13 235, relating to child welfare, to add to the definition of
14 child welfare services, and add new definitions for the
15 department of human services and the children's authority
16 established by the bill.

17 New Code section 235.7 states the purpose of identifying a
18 children's authority is to make changes in the child welfare
19 system, provides for creation of a task force to advise on
20 system change, provides contingent authority in the event a
21 statute is enacted assigning a state agency other than the
22 department of human services to serve as the children's
23 authority, enumerates responsibilities of the children's
24 authority and service providers in a changed system, and
25 requires the children's authority to utilize a performance-
26 based contracting approach with service providers.

27 Division V requires implementation of system changes to
28 begin January 1, 2004, unless the children's authority concurs
29 with a request approved by the task force for a graduated
30 implementation.

31 Division VI directs the departments of human services and
32 corrections to conduct a comprehensive study of alternative
33 uses for the four state mental health institutes (MHIs). One
34 of the alternative uses to be studied is for using two of the
35 MHIs as facilities to house correctional facility inmates who

1 need mental health treatment. Various criteria are to be
2 covered in the study, including budget considerations. The
3 study is required to include analyses from both departments
4 addressing the potential effects of various options on the
5 state employee workforce at the facilities and to identify the
6 appropriate number of state mental health institute beds in
7 the state. The report is required to be submitted to the
8 governor and general assembly by December 31, 2003.

9 If the study indicates shifting MHIs to alternative use as
10 correctional facilities is efficacious, the two departments
11 are to submit proposed legislation to implement the shift for
12 consideration during the 2004 Legislative Session. Otherwise,
13 the department of human services is required to submit
14 proposed legislation for consideration during the 2004
15 legislative session that would consolidate the four MHIs into
16 two institutes, with one serving the eastern portion of the
17 state, and the other serving the western portion of the state.

18 Division VI takes effect upon enactment.

19 Division VII relates to the judicial district department of
20 correctional services by creating a new community-based
21 correctional administrator position within the department of
22 corrections, and by making changes to the membership of the
23 board of corrections.

24 Division VII creates the position of community-based
25 correctional administrator to be appointed by and serve at the
26 pleasure of the governor. The bill provides that the
27 community-based correctional administrator shall coordinate
28 the administration of the judicial district departments of
29 correctional services (judicial districts). Under the bill,
30 the director of the department of corrections shall supervise
31 the community-based correctional administrator. The bill
32 provides that the community-based correctional administrator
33 appoints the directors of the judicial districts and that the
34 directors serve at the pleasure of the community-based
35 correctional administrator. The bill provides that the

1 directors of the judicial districts be employed by the
2 department of corrections. The bill also provides that the
3 board of a judicial district shall retain its duties pursuant
4 to Code section 905.4, but the bill requires the judicial
5 district board to consult with the director of the judicial
6 district before exercising its duties. Current law provides
7 the director of a judicial district is employed by the
8 judicial district board.

9 Division VII temporarily changes the composition of the
10 board of corrections from seven members to eight or nine
11 members. Division VII permits the boards of the judicial
12 districts to appoint two members to the board of corrections.
13 Division VII provides that the board of corrections consists
14 of eight or nine members until the number of members not
15 appointed by the boards of directors of the judicial district
16 departments is reduced to five, by attrition, commencing with
17 any vacancy occurring on or after July 1, 2003. The two
18 members appointed by the boards of the judicial districts are
19 appointed by a majority vote of all the individual members of
20 the boards of directors of the judicial districts. Division
21 VII provides that the five seats not appointed by the boards
22 of the judicial districts are appointed by the governor, and
23 the bill and current law provide that all appointments are
24 subject to confirmation by the senate.

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