

FILED FEB 13 '03

SENATE FILE

138

BY HOUSER

(COMPANION TO LSB 2107HH

BY HEATON)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act directing the mental health and developmental disabilities
2 commission to make recommendations for redesigning the mental
3 health and developmental disabilities services system for
4 adults and children and providing an effective date.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

SF 138
HUMAN RESOURCES

1 Section 1. MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES
2 SERVICES SYSTEM REDESIGN.

3 In fulfilling the mental health and developmental
4 disabilities commission's duty under section 225C.6,
5 subsection 1, paragraph "q", the commission shall submit a
6 report containing recommendations in accordance with this
7 section to the governor and general assembly on or before
8 December 31, 2003, for redesign of the state's mental health
9 and developmental disabilities services system for adults and
10 children. The commission shall address all of the following
11 system components in the report and recommendations:

12 1. STANDARD CLINICAL AND FINANCIAL ELIGIBILITY.

13 The commission shall do all of the following:

14 a. Propose a standard set of clinical and diagnostic
15 eligibility requirements for use in determining which
16 individuals will be covered for defined core services,
17 including but not limited to, general clinical eligibility
18 standards, service access criteria, level of care
19 requirements, and terminology changes.

20 b. Propose financial eligibility criteria for qualifying
21 covered individuals, including guidelines for resources,
22 copayments, income, and assets.

23 c. Identify the total projected cost for all counties to
24 adopt the standardized clinical and financial eligibility
25 requirements and criteria proposed by the commission.

26 2. MINIMUM SET OF CORE SERVICES.

27 The commission shall do all of the following:

28 a. Identify a minimum set of core services to be provided
29 by each county. This core set of services shall be available
30 statewide. An individual's eligibility for core services
31 shall be based on consistent clinical criteria and service
32 necessity.

33 b. Identify the total projected cost for all counties to
34 make the core services available.

35 c. Design the core set of services as a replacement for

1 the current statutory mandates for services. The purpose of
2 replacing the current statutory mandates with the core set of
3 services is to shift the emphasis to community-based services
4 by providing covered individuals a reasonable level of choice
5 to meet their individual needs within available funding. The
6 initial set of core services considered by the commission
7 shall include all of the following community-based services:

- 8 (1) Mental health outpatient treatment.
- 9 (2) Inpatient psychiatric evaluation and treatment at
10 county-designated facilities.
- 11 (3) Service coordination and case management.
- 12 (4) Vocational services.
- 13 (5) Residential services.

14 3. FUNDING FOLLOWS THE COVERED INDIVIDUAL.

15 The commission shall do all of the following:

16 a. Develop a new formula that allows public funding to
17 follow the covered individual regardless of categorical
18 funding. Distribution of state funds shall be based on a
19 matrix of disability-related reimbursement rate cells. Each
20 cell shall specify a reimbursement rate based on disability
21 group and level of functioning. The funding formula shall
22 take into account the number of covered individuals enrolled
23 in each county and the average cost of services provided to
24 covered individuals in each cell. The formula shall
25 incorporate all of the following principles:

26 (1) Each county will receive a quarterly allotment equal
27 to the product of the average costs per cell times the number
28 of individuals enrolled in each cell during the previous
29 quarter. To accommodate cash flow needs of counties and
30 reduce the level of fund balances counties need to maintain,
31 the state would make payments at the beginning of each quarter
32 based on the anticipated number of covered individuals, with a
33 reconciliation in the next quarter to the actual number of
34 covered individuals.

35 (2) Increasing overall state funding levels in proportion

1 to county funding levels.

2 (3) Allocating any increased state funding to achieve
3 statewide equity in service access.

4 (4) Allocating the state funding for state institutions
5 through counties rather than directly to the institutions so
6 that these services operate on an equal basis with other
7 services.

8 (5) Allocating state funding and administrative costs for
9 state cases to the covered individual's county of residence.

10 (6) Allocating the risk for service cost increases to the
11 counties and allocating the cost for increases in the number
12 of covered individuals to the state. Risk allocation
13 provisions shall address methods for managing the risk.

14 (7) Providing for risk management and flexibility
15 provisions such as cell rate adjustments, allowing waiting
16 lists to be used for an unanticipated increase in the number
17 of covered individuals, distributing quarterly allocations to
18 counties based upon the previous quarter's number of covered
19 individuals, removing categorical funding restrictions,
20 applying standards to ensure county cash flow capacity, and
21 allowing inflation adjustments.

22 (8) Expanding the state risk pool provisions under section
23 426B.5 to allow access to risk pool funding for specific
24 purposes and to allow counties to maintain a certain level of
25 fund balances in order to address certain cost factors.

26 b. All of the following factors shall be considered in
27 developing formula provisions for calculating the distribution
28 of funds:

29 (1) A county's ability to levy based on available taxable
30 valuation and average per capita income.

31 (2) A requirement for each county to have a fund balance
32 sufficient to cover all of the following:

33 (a) Cash flow for current services.

34 (b) Building maintenance and repair costs.

35 (c) Investments in new programs.

1 (d) A local risk pool that will cover extraordinary
2 expenses while a county is preparing an application to the
3 statewide risk pool.

4 (3) County costs for administration and infrastructure.

5 (4) Funds for counties to pay the costs of crisis
6 response, hospital diversion, prevention, consultation,
7 education, and outreach services that are provided outside the
8 rate cell methodology or fee payment policy.

9 (5) Incentives to counties for coordination,
10 collaboration, and infrastructure development.

11 c. Identify state and county costs to implement the
12 proposed funding formula for the individuals and services
13 identified under subsections 1 and 2.

14 4. REPLACE LEGAL SETTLEMENT PROCESS.

15 The commission shall do all of the following:

16 a. Develop a plan to provide for a transition from the
17 current legal settlement process of determining financial
18 liability for service costs to a process that provides for
19 equitable service access based upon an individual's residency.
20 Implementation of this approach shall be coordinated with the
21 provisions for implementing a new funding formula. Exceptions
22 shall be allowed for those individuals who establish residence
23 in a county due to a service referral approved by another
24 county or who establish temporary residence for educational or
25 other temporary purposes. Individuals who are residents due
26 to referrals from other states or are transients from other
27 states shall remain a state responsibility.

28 b. Propose a definition for "legal resident". The initial
29 meaning of this term is an individual who is legally residing
30 within the state, has established a place of residence with an
31 address, and intends to remain within the geographic
32 boundaries of a particular county. Examples of indicators
33 that an individual has become a legal resident of a county may
34 include but are not limited to any of the following:

35 (1) Having an E911 address.

1 (2) Receiving utility bills for that address.

2 (3) Being registered to vote at that address.

3 A legal resident shall not include an individual who is
4 residing in the county as a result of placement or referral
5 for services or other support by another county, this state,
6 or another state; an individual temporarily living in a county
7 for education or training; or an individual who is a transient
8 from another state. The commission shall propose a means of
9 resolving disputes, such as a mediation committee composed of
10 county representatives, to review such disputes, and make a
11 determination as to the appropriate county of residence.

12 c. Identify the costs for each county to make services
13 available on the basis of residency instead of legal
14 settlement.

15 5. COORDINATION OF FUNDING STREAMS.

16 The commission shall do all of the following:

17 a. Develop a specific approach for counties and the state
18 to access additional federal housing funds.

19 b. In consultation with counties, support new efforts to
20 maximize federal funding for defined core services, including
21 accessing federal funds to support or match county
22 expenditures to standardize inpatient and outpatient treatment
23 and hospital diversion costs for Medicaid program recipients.

24 c. Develop recommendations identifying the manner in which
25 services will be funded by the federal government, the state,
26 and the counties.

27 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
28 immediate importance, takes effect upon enactment.

29 EXPLANATION

30 This bill directs the mental health and developmental
31 disabilities commission to make recommendations for
32 redesigning the mental health and developmental disabilities
33 services system for adults and children.

34 One of the commission's duties under current law in Code
35 section 225C.6 is to perform "analyses and other functions

1 associated with a redesign of the mental health and
2 developmental disability services systems for adults and for
3 children". The bill requires the commission to address these
4 system components with recommendations: standardizing
5 clinical and financial eligibility, identifying a minimum set
6 of core services to be available in each county statewide,
7 developing a funding formula so that funding follows an
8 eligible individual, providing a transition from the current
9 legal settlement process of determining financial liability
10 for service costs to a new system, and developing methods for
11 improved coordination of federal, state, and county funding
12 streams.

13 The commission's report and recommendations are required to
14 be submitted to the governor and general assembly on or before
15 December 31, 2003.

16 The bill takes effect upon enactment.

17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35