

Senate File 504 - Reprinted

SENATE FILE 504

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1187)

(As Amended and Passed by the Senate April 18, 2017)

A BILL FOR

1 An Act relating to mental health and disabilities, including
2 the funding of mental health and disability services by
3 modifying the mental health and disability services property
4 tax levy, providing for the expenditure and deposit of
5 certain county hospital property tax revenues, requiring the
6 use of specified excess cash flow funds, including certain
7 law enforcement notification provisions, and including
8 effective date and applicability provisions.

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

1 Section 1. Section 222.73, subsection 2, paragraph b, Code
2 2017, is amended to read as follows:

3 b. The per diem costs billed to each mental health and
4 disability services region shall not exceed the per diem costs
5 billed to the county region in the fiscal year beginning July
6 1, ~~1996~~ 2016. ~~However, the per diem costs billed to a county~~
7 ~~may be adjusted for a fiscal year to reflect increased costs~~
8 ~~to the extent of the percentage increase in the statewide per~~
9 ~~capita expenditure target amount, if any per capita growth~~
10 ~~amount is authorized by the general assembly for that fiscal~~
11 ~~year in accordance with section 331.424A.~~

12 Sec. 2. Section 229.11, Code 2017, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 1A. If a respondent is detained pursuant to
15 subsection 1, paragraph "b" or "c", the sheriff or the sheriff's
16 deputy that took the respondent into immediate custody may
17 inform the hospital or facility that an arrest warrant has been
18 issued for or charges are pending against the respondent and
19 may request the hospital or facility to notify the sheriff or
20 the sheriff's deputy about the discharge of the respondent
21 prior to discharge.

22 Sec. 3. Section 230.20, subsection 2, paragraph b, Code
23 2017, is amended to read as follows:

24 b. The per diem costs billed to each mental health and
25 disability services region shall not exceed the per diem costs
26 billed to the county region in the fiscal year beginning July
27 1, ~~1996~~ 2016. ~~However, the per diem costs billed to a mental~~
28 ~~health and disability services region may be adjusted annually~~
29 ~~to reflect increased costs, to the extent of the percentage~~
30 ~~increase in the statewide per capita expenditure target amount,~~
31 ~~if any per capita growth amount is authorized by the general~~
32 ~~assembly for the fiscal year in accordance with section 426B.3.~~

33 Sec. 4. Section 331.391, subsection 4, Code 2017, is amended
34 by striking the subsection and inserting in lieu thereof the
35 following:

1 4. a. If a region is meeting the financial obligations
2 for implementation of its regional service system management
3 plan for a fiscal year and residual funding is anticipated,
4 the regional administrator shall reserve an adequate amount of
5 unobligated and unencumbered funds for cash flow of expenditure
6 obligations in the next fiscal year.

7 b. For fiscal years beginning July 1, 2017, July 1, 2018,
8 and July 1, 2019, that portion of each region's cash flow
9 amount either reserved in the combined account or reserved
10 among all separate county accounts under the control of the
11 governing board that exceeds twenty-five percent of the gross
12 expenditures from the combined account or from all separate
13 county accounts under control of the governing board in the
14 fiscal year preceding the fiscal year in progress shall be used
15 in whole or in part to fund the payment of services provided
16 under the regional service system management plan under section
17 331.393.

18 c. Each region shall certify to the department of management
19 on or before December 1, 2020, and each December 1 thereafter,
20 the amount of the region's cash flow amount in the combined
21 account that is attributable to each county within the region
22 based upon each county's proportionate amount of funding and
23 contributions to the region or other methodology specified in
24 the regional governance agreement or certify the cash flow
25 amount for each separate county account that is under the
26 control of the governing board at the conclusion of the most
27 recently completed fiscal year.

28 d. (1) For fiscal years beginning on or after July 1, 2021,
29 for each region having a population of one hundred thousand or
30 over, the region's cash flow amount shall not exceed twenty
31 percent of the gross expenditures from the combined account
32 or from all separate county accounts under control of the
33 governing board for the fiscal year preceding the fiscal year
34 in progress.

35 (2) For fiscal years beginning on or after July 1, 2021,

1 for each region having a population of less than one hundred
2 thousand, the region's cash flow amount shall not exceed
3 twenty-five percent of the gross expenditures from the combined
4 account or from all separate county accounts under control of
5 the governing board for the fiscal year preceding the fiscal
6 year in progress.

7 Sec. 5. Section 331.424A, subsection 1, Code 2017, is
8 amended by striking the subsection and inserting in lieu
9 thereof the following:

10 1. For the purposes of part 6 of division III of this
11 chapter, this section, and chapter 426B, unless the context
12 otherwise requires:

13 *a. "Base expenditure amount"* is an amount determined for
14 each county that is the lesser of the following amounts:

15 (1) The county's base year expenditures for mental health
16 and disabilities services, as defined in section 331.424A,
17 subsection 1, paragraph "a", Code 2017.

18 (2) The product of the statewide per capita expenditure
19 target amount multiplied by the county's population for the
20 fiscal year beginning July 1, 2017.

21 *b. "Cash flow reduction amount"* means the amount calculated
22 under subsection 4 and used to reduce a county budgeted amount
23 under subsection 9 for fiscal years beginning on or after July
24 1, 2021.

25 *c. "County budgeted amount"* means the amount calculated
26 under subsection 9 and certified for levy under subsection 6.

27 *d. "County services fund"* means a county mental health and
28 disabilities services fund created pursuant to this section.

29 *e. "Population"* means the population shown by the latest
30 preceding certified federal census or the latest applicable
31 population estimate issued by the federal government, whichever
32 is most recent and available as of July 1 of the fiscal year
33 preceding the fiscal year to which the funding calculations
34 apply.

35 *f. "Region"* means a mental health and disability services

1 region formed in accordance with section 331.389.

2 *g.* "Regional per capita expenditure target amount" means the
3 amount determined in subsection 8 for each region.

4 *h.* "Statewide per capita expenditure target amount" means
5 forty-seven dollars and twenty-eight cents.

6 Sec. 6. Section 331.424A, subsection 4, Code 2017, is
7 amended by striking the subsection and inserting in lieu
8 thereof the following:

9 4. *a.* An amount of unobligated and unencumbered funds,
10 as specified in the regional governance agreement entered
11 into by the county under section 331.392, shall be reserved
12 in the county services fund to address cash flow obligations
13 in the next fiscal year, subject to the limitations of this
14 subsection.

15 *b.* For fiscal years beginning July 1, 2017, July 1, 2018,
16 and July 1, 2019, that portion of each county's cash flow
17 amount reserved in the county services fund that exceeds an
18 amount equal to twenty-five percent of the gross expenditures
19 from the county services fund in the fiscal year preceding
20 the fiscal year in progress shall be used in whole or in part
21 to fund the county's financial obligations for the payment of
22 services provided under the regional service system management
23 plan under section 331.393.

24 *c.* Each county shall, as part of the financial report
25 required under section 331.403, certify the county's cash flow
26 amount in the county services fund at the conclusion of the
27 most recently completed fiscal year.

28 *d.* For each fiscal year beginning on or after July 1,
29 2021, of a county's cash flow amount maintained in the county
30 services fund or of the region's cash flow amount attributable
31 to the county under section 331.391, subsection 4, paragraph
32 "c", an amount equal to the county's cash flow reduction amount
33 shall be used to fund the county's financial obligations for
34 the payment of services provided under the regional service
35 system management plan under section 331.393.

1 e. For each fiscal year beginning on or after July 1, 2021,
2 each county's cash flow reduction amount shall be determined as
3 follows and shall result in a reduction of the county budgeted
4 amount determined pursuant to subsection 9:

5 (1) For each county located in a region having a population
6 of one hundred thousand or over, the county's cash flow
7 reduction amount equals the sum of the county's cash flow
8 amount in the county services fund plus the most recent amount
9 certified by the region for the county under section 331.391,
10 subsection 4, paragraph "c", minus twenty percent of the gross
11 expenditures from the county services fund in the fiscal year
12 preceding the fiscal year in progress. However, the cash flow
13 reduction amount shall not be less than zero and shall not
14 exceed the county budgeted amount determined under subsection 9
15 prior to any reduction resulting from the cash flow reduction
16 amount.

17 (2) For each county located in a region having a population
18 of less than one hundred thousand, the county's cash flow
19 reduction amount equals the sum of the county's cash flow
20 amount in the county services fund plus the most recent amount
21 certified by the region for the county under section 331.391,
22 subsection 4, paragraph "c", minus twenty-five percent of the
23 gross expenditures budgeted from the county services fund for
24 the fiscal year in progress. However, the cash flow reduction
25 amount shall not be less than zero and shall not exceed the
26 county budgeted amount determined under subsection 9 prior to
27 any reduction resulting from the cash flow reduction amount.

28 Sec. 7. Section 331.424A, subsections 6 and 7, Code 2017,
29 are amended to read as follows:

30 6. For each fiscal year, the county shall certify a levy
31 for payment of services. For each fiscal year, county revenues
32 from taxes imposed by the county credited to the county
33 services fund shall not exceed an amount equal to the county
34 budgeted amount of base year expenditures for mental health
35 and disability services for the fiscal year. A levy certified

1 under this section is not subject to the appeal provisions of
2 section 331.426 or to any other provision in law authorizing
3 a county to exceed, increase, or appeal a property tax levy
4 limit.

5 7. Appropriations specifically authorized to be made from
6 the ~~mental health and disabilities~~ county services fund shall
7 not be made from any other fund of the county.

8 Sec. 8. Section 331.424A, subsection 8, Code 2017, is
9 amended by striking the subsection and inserting in lieu
10 thereof the following:

11 8. For the fiscal year beginning July 1, 2017, the regional
12 per capita expenditure target amount is the sum of the base
13 expenditure amount for all counties in the region divided by
14 the population of the region. However, a regional per capita
15 expenditure target amount shall not exceed the statewide
16 per capita expenditure target amount. For the fiscal year
17 beginning July 1, 2018, and each subsequent fiscal year, the
18 regional per capita expenditure target amount for each region
19 is equal to the regional per capita expenditure target amount
20 for the fiscal year beginning July 1, 2017.

21 Sec. 9. Section 331.424A, Code 2017, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 9. For the fiscal year beginning July 1,
24 2017, and each subsequent fiscal year, the county budgeted
25 amount determined for each county shall be the amount necessary
26 to meet the county's financial obligations for the payment
27 of services provided under the regional service system
28 management plan approved pursuant to section 331.393, not to
29 exceed an amount equal to the product of the regional per
30 capita expenditure target amount multiplied by the county's
31 population, and, for fiscal years beginning on or after July 1,
32 2021, reduced by the amount of the county's cash flow reduction
33 amount for the fiscal year calculated under subsection 4, if
34 applicable.

35 Sec. 10. Section 331.432, subsection 3, Code 2017, is

1 amended to read as follows:

2 3. Except as authorized in [section 331.477](#), transfers
3 of moneys between the county ~~mental health and disabilities~~
4 services fund created pursuant to [section 331.424A](#) and any
5 other fund are prohibited. This subsection does not apply to
6 appropriations made or the value of in-kind care and treatment
7 provided pursuant to section 347.7, subsection 1, paragraph
8 "c".

9 Sec. 11. Section 347.7, subsection 1, Code 2017, is amended
10 by adding the following new paragraph:

11 NEW PARAGRAPH. c. For the fiscal years beginning July
12 1, 2017, July 1, 2018, and July 1, 2019, if a county public
13 hospital is located in a county having a population of two
14 hundred twenty-five thousand or over and having a county
15 budgeted amount for the fiscal year under section 331.424A,
16 subsection 9, equal to the product of the regional per
17 capita expenditure target amount multiplied by the county's
18 population, as those terms are defined in section 331.424A, the
19 board of trustees shall appropriate for payment on July 1 of
20 each such fiscal year from the county public hospital fund to
21 the board of supervisors for deposit in the county services
22 fund created pursuant to section 331.424A, two million eight
23 hundred thousand dollars, and the county public hospital shall,
24 in each such fiscal year, contract with the county in which the
25 county public hospital is located to provide care and treatment
26 to patients who are residents of the county and whose costs for
27 such care and treatment would otherwise qualify for payment
28 from the county services fund under section 331.424A, in an
29 amount equal to three million five hundred thousand dollars.

30 Sec. 12. Section 426B.1, subsection 2, Code 2017, is amended
31 to read as follows:

32 2. Moneys shall be distributed from the property tax
33 relief fund to counties for the mental health and disability
34 regional service system for ~~providing county base property tax~~
35 ~~equivalent equalization payments and the per capita growth~~

1 ~~amount established pursuant to section 426B.3 mental health and~~
2 ~~disabilities services, in accordance with the appropriations~~
3 ~~made to the fund and other statutory requirements.~~

4 Sec. 13. Section 426B.2, Code 2017, is amended to read as
5 follows:

6 **426B.2 Property tax relief fund payments.**

7 ~~1.~~ The director of human services shall draw warrants on the
8 property tax relief fund, payable to the county treasurer in
9 the amount due to a county in accordance with ~~section 426B.3~~
10 ~~statutory requirements~~, and mail the warrants to the county
11 auditors in July and January of each year.

12 ~~2.~~ As used in ~~this chapter~~ and in ~~section 331.424A~~, for
13 ~~purposes of population-based funding calculations, "population"~~
14 ~~means the population shown by the latest preceding certified~~
15 ~~federal census or the latest applicable population estimate~~
16 ~~issued by the federal government, whichever is most recent and~~
17 ~~available as of July 1 of the fiscal year preceding the fiscal~~
18 ~~year to which the funding calculations apply.~~

19 Sec. 14. REPEAL. Section 426B.3, Code 2017, is repealed.

20 Sec. 15. COUNTY BUDGET RECERTIFICATION. If this Act takes
21 effect on or after March 15, 2017, notwithstanding section
22 24.17, for the fiscal year beginning July 1, 2017, a county may
23 recertify the county's budget as necessary to implement the
24 provisions of this Act. A budget recertified pursuant to this
25 section must be recertified in duplicate to the county auditor
26 not later than thirty days after the effective date of this
27 Act, and protests to the budget shall be filed not later than
28 ten days after the county's budget is recertified.

29 Sec. 16. MENTAL HEALTH AND DISABILITY SERVICES FUNDING —
30 FISCAL VIABILITY REVIEW DURING 2018 LEGISLATIVE INTERIM. The
31 legislative council is requested to authorize a study
32 committee to analyze the viability of the mental health and
33 disability services funding provisions in this Act, including
34 the methodology used to calculate and determine the base
35 expenditure amount, the county budgeted amount, the regional

1 per capita expenditure target amount, the statewide per
 2 capita expenditure target amount, and the cash flow reduction
 3 amount. The study committee shall consist of five members of
 4 the senate, three of whom shall be appointed by the majority
 5 leader of the senate and two of whom shall be appointed by
 6 the minority leader of the senate, and five members of the
 7 house of representatives, three of whom shall be appointed by
 8 the speaker of the house of representatives and two of whom
 9 shall be appointed by the minority leader of the house of
 10 representatives. The study committee shall meet during the
 11 2018 legislative interim to make appropriate recommendations
 12 for consideration during the 2019 legislative session in a
 13 report submitted to the general assembly by January 15, 2019.

14 Sec. 17. WORKGROUP — MENTAL HEALTH, DISABILITY, AND
 15 SUBSTANCE USE DISORDER SERVICES. The department of human
 16 services shall convene a stakeholder workgroup to make
 17 recommendations relating to the delivery of, access to, and
 18 coordination and continuity of mental health, disability, and
 19 substance use disorder services and supports for individuals
 20 with mental health, disability, and substance use disorder
 21 needs, particularly for individuals with complex mental
 22 health, disability, and substance use disorder needs. The
 23 workgroup shall be comprised of representatives from community
 24 mental health centers, law enforcement agencies, the national
 25 alliance on mental illness, the Iowa hospital association,
 26 the judicial system, mental health and disability services
 27 regions, substance abuse treatment providers, the department
 28 of public health, and other entities as appropriate. The
 29 report shall incorporate selected strategies from community
 30 service plans submitted by the mental health and disability
 31 services regions to the department of human services pursuant
 32 to this Act to address services and supports for individuals
 33 with mental health, disability, and substance use disorder
 34 needs, particularly for individuals with complex mental health,
 35 disability, and substance use disorder needs. The workgroup

1 shall submit a report with recommendations to the governor and
2 general assembly by December 15, 2017.

3 Sec. 18. REGIONAL WORKGROUP — MENTAL HEALTH AND DISABILITY
4 REGIONAL SERVICES.

5 1. The regional administrator of each mental health
6 and disability services region shall convene a stakeholder
7 workgroup to meet on a regular basis, beginning July 1, 2017,
8 to create collaborative policies and processes relating to
9 the delivery of, access to, and continuity of services and
10 supports for individuals with mental health, disability, and
11 substance use disorder needs, particularly for individuals with
12 complex mental health, disability, and substance use disorder
13 needs. Each region shall review resources currently available
14 including the reduction of mental health and disability
15 services fund balances and options for combining funding from
16 different sources, particularly funding available pursuant
17 to Tit. XIX of the federal Social Security Act, and shall
18 consider providing additional services and supports in their
19 own region or partnering with one or more regions to provide
20 additional services and supports to serve such individuals.
21 The workgroup shall be comprised of representatives from
22 hospitals, the judicial system, law enforcement agencies,
23 managed care organizations, mental health providers, crisis
24 service providers, substance abuse providers, the national
25 alliance on mental illness, and other entities as appropriate.

26 2. Each mental health and disability services region
27 shall submit a community service plan to the department of
28 human services by October 16, 2017. The plan shall include
29 planning and implementation time frames and assessment tools
30 for determining the effectiveness of the plan in achieving the
31 department's identified outcomes for success in the delivery
32 of, access to, and coordination and continuity of services and
33 supports for individuals with mental health, disability, and
34 substance use disorder needs, particularly for individuals with
35 complex mental health, disability, and substance use disorder

1 needs, and financial strategies to support the plan including
2 combined funding from different sources, particularly funding
3 available pursuant to Tit. XIX of the federal Social Security
4 Act. The plan shall address how mental health and disability
5 services regions will spend down mental health and disabilities
6 services fund balances remaining from the fiscal year ending
7 June 30, 2016.

8 3. The regional administrator of each mental health and
9 disability services region shall enter into a memorandum of
10 understanding with each of Iowa's managed care organizations
11 that delineates the roles and responsibilities of the region
12 and the managed care organizations in relation to the plan
13 developed by the region to address the services and supports
14 necessary to meet the needs of individuals with mental health,
15 disability, and substance use disorder needs, particularly
16 individuals with complex mental health, disability, and
17 substance use disorder needs.

18 4. In addition to the requirements specified in subsections
19 2 and 3, the eastern Iowa mental health and disability
20 services region shall consult with the department to complete
21 an analysis of the region's mental health, disability, and
22 substance use disorder service and support concerns and
23 identify funding opportunities to address such areas of concern
24 in the region, and shall include information in the region's
25 plan that includes the concerns, strategies to address the
26 concerns, and the budget.

27 5. The department shall submit a report to the governor
28 and general assembly by December 3, 2018, providing a summary
29 of services implemented by each mental health and disability
30 services region and an assessment of each region in achieving
31 the department's identified outcomes for success.

32 Sec. 19. SAVINGS PROVISION. This Act, pursuant to section
33 4.13, does not affect the operation of, or prohibit the
34 application of, prior provisions of law amended or repealed
35 by this Act, or rules adopted under chapter 17A to administer

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1 prior provisions of law amended or repealed by this Act, for
2 fiscal years beginning before July 1, 2017.

3 Sec. 20. EFFECTIVE UPON ENACTMENT. This Act, being deemed
4 of immediate importance, takes effect upon enactment.

5 Sec. 21. APPLICABILITY. This Act applies to fiscal years
6 beginning on or after July 1, 2017.