Adult Disability Service System Redesign
Senate File 525

Last Action:

Senate Appropriations Committee

April 13, 2011

An Act relating to reforming state and county responsibilities for adult disability services, making appropriations, and including effective date provisions.

Fiscal Services Division
Legislative Services Agency

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at http://www3.legis.state.ia.us/noba/index.jsp

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BILL SUMMARY

Senate File 525 sets a framework to redesign the Adult Disability Service System. The System includes persons with mental illness, intellectual disabilities, or developmental disabilities. The redesign includes all of the following:

- Reorganizing the System to be administered by counties on a regional basis, including pooling county property tax levies. The region will serve as a single point of entry for all non-Medicaid services. Legal settlement will be eliminated and individuals will be served based on the region in which they live.
- Shifting funding responsibility for the nonfederal share of Medicaid from the counties to the State. The State will retain current Property Tax Relief, Allowed Growth, and Community Services appropriations to help offset the Medicaid costs. The newly formed regions will serve as a point of access and provide case management, service navigation support, and assistance with intake for the Medicaid program.
- Creation of new funding sources for incentives for counties to regionalize; evidence-based demonstration projects; and for testing innovative approaches to service delivery.
- Providing for the Department of Human Services (DHS) to work with counties and other stakeholders to develop a core set of adult disability services to be available in each region; establish standards for the regional system; and develop a plan and implementation provisions.

The target date for full implementation of the plan is July 1, 2013, subject to available funding. The DHS is required to submit the plan and implementation provisions to the Governor and General Assembly by December 15, 2011, and a progress update to members of the Health and Human Services Subcommittee in October of 2011.

The Bill requests that the Legislative Council authorize an interim study committee to make recommendations for changing the current county levy structure that caps levies at a dollar amount. The Committee is requested to make recommendations on making the levies between counties more uniform, adequate, and fair.

APPROPRIATION

Senate File 525 appropriates $250,000 to the DHS for planning costs associated with implementation of System redesign.

FISCAL IMACT

The fiscal impact for this Bill cannot be determined because there is not enough detail on core services, populations that will be served, transition dates for Medicaid, and new services. A summary of potential fiscal impacts by category is provided below.

FISCAL IMPACT - MEDICAID

County-funded Medicaid costs are projected to increase from an estimated $156.5 million in FY 2011 to an estimated $214.1 million in FY 2012. The increase in cost is mainly due to one-time American Recovery and Reinvestment Act (ARRA) Federal Medical Assistance Percentage (FMAP) match savings expiring at the end of FY 2011 and a declining regular FMAP rate as Iowa does better economically compared to the rest of the country. Regardless of any changes in this Bill, because county revenue sources are capped, the State will need to assume the increased Medicaid costs if it wants to avoid Disability Services waiting lists and cuts in non-Medicaid funded services. It is estimated that counties will have $41.8 million in fund balances that can help offset increased Medicaid costs FY 2012. Although no date is set in the Bill for the State to assume funding of Medicaid expenditures, if the State were to assume Medicaid costs beginning in FY 2013 the estimated need would be $226.7 million. When compared to the to FY 2011 Allowed Growth, Property Tax Relief, and Community Services appropriations of $145.3 million which the State would retain under this Bill to pay for those services, the State would need an additional $81.4 million in FY 2013 to fully fund Medicaid.

FISCAL IMPACT – NON-MEDICAID

Counties, on a regional basis, will continue to fund all non-Medicaid Disability services under this Bill. In FY 2011 it is estimated counties will spend $156.5 million on non-Medicaid services. Counties will be allowed to use current property tax levies (capped at $125.8 million), in addition to the Social Services Block Grant (SSBG) of $12.5 million and State Cases appropriation of $12.2 million, for a total of $150.5 million available from all sources (State Cases and SSBG appropriations illustrate FY 2011 funding levels). As they combine into regions, counties should experience savings that can be reinvested in non-Medicaid funded services. There are currently 77 county Central Point of Coordination Administrators. Under SF 525, administration would move to eight regions with administration of Medicaid dollars provided solely by the State.

FISCAL IMPACT – NEW SERVICES

The DHS is required to meet with a stakeholder groups to assist in developing core services, determining eligibility criteria for individuals to be served, implementing emergency crisis response services statewide, implementing a sub-acute level of care, and covering brain injury services. The fiscal impact for these items cannot be determined without more information on the scope and population they would be provided to. These items will all be presented to the General Assembly as part of an implementation plan for consideration during the 2012 Legislative Session.

NEW FUNDING SOURCES

The Bill also states the intent of the General Assembly for a new funding source for the following:

- To serve as an incentive and to defray new administrative costs for reorganizing adult disability services on a regional basis.
- For regions to bid to implement demonstration projects to test new evidence-based adult disability services for periods of three to five years.
- For counties to test innovative approaches for the delivery of adult disability services.

No appropriations have been made for these items and the General Assembly will determine future appropriations.

Senate Proposal – SF 525

FY 2011 State Appropriations		
Property Tax Relief	$	81,199,911
Property Tax Relief (Palo)		1,167,465
MH Allowed Growth		48,697,893
MH Community Services		14,187,556
New State Funding		tbd
	$	145,252,825

State

New funding sources will be identified for the following: incentives to regionalize; demonstration projects; and innovative approaches for service delivery.

State pays all Medicaid claims and retains Property Tax Relief, MH Allowed Growth and MH Community Services appropriations. Projected Medicaid need is $214.1 million for FY 2012 and $226.7 million for FY 2013. Counties will use $41.8 million projected fund balance to supplement General Fund Appropriations in FY 2012.

Regions

Regions will be formed by Code Chapter 28E Agreement. Regions will consist of contiguous counties adjoining one of the following urban areas: Ames, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Iowa City, Sioux City, or Waterloo. Each region is required to encompass at least one Community Mental Health Center or Federally Qualified Health Center with providers qualified to provide psychiatric services. A Region must also encompass or be in close proximity to a hospital with an inpatient psychiatric unit or State MHI.

Region Funding

County property taxes are pooled ($125.8 million) at the regional level and the State will continue to distribute the Social Service Block Grant ($12.5 million for FY 2011) and State Cases appropriation ($12.2 million for FY 2011), resulting in total funds of $150.5 million for non-Medicaid Services. A Legislative Interim Committee is authorized to meet and discuss County MH Property Tax levy. The Committee's charge is to make recommendations on how to change the current dollar capped levy so levy rates are more uniform/fair between counties.

Medicaid Services

Regions serve as a point of access and provide case management/service coordination, service navigation support, and assistance with intake.

Non-Medicaid Services

Regions serve as a single point of entry and are responsible for non-Medicaid MH/MI/ID/DD services.

State works with regions to develop required core services, populations, emergency MH services and subacute levels of care. Additional State funding may be needed in the future for new services.