

Adult Disability Service System Redesign Senate File 525

Executive Summary Only

Last Action:

Final Action

June 27, 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 at <http://www3.legis.state.ia.us/noba/index.jsp>

LSA Contact: Jess Benson (515-281-4611)

EXECUTIVE SUMMARY ADULT DISABILITY SERVICE SYSTEM REDESIGN ACT

SENATE FILE 525

BILL SUMMARY DIVISION I & II

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 legislation specifies that it is the intent of the General Assembly to implement the following:

- Shifting funding responsibility for the nonfederal share of Medicaid from the counties to the State.
- Reorganizing the System to be administered by counties on a regional basis in a manner that provides multiple points of access in the region for both Medicaid and nonMedicaid funded services.
- Replacing legal settlement as the basis for determining financial responsibility for Adult Disability Services with a determination based on residency.
- Meeting the needs of consumers with disabilities in a responsive and cost effective manner.

The Act requests the Legislative Council authorize an interim committee on Mental Health and Disability Services for the 2011 legislative interim. The charge of the Committee is to make recommendations for core services for Mental Health and Intellectual and Developmental Disability Services, address property tax issues, examine funding commitments for the redesigned service system, examine requirements for mental health professionals who are engaged in the involuntary commitment process under Chapter 229, propose legislation to change the term mental retardation to intellectual disability in the Code, and consider issues posed by the July 1, 2013 repeal of the county disability services administration and funding provisions.

The Department of Human Services (DHS) is required to design a workgroup process to support the work of the interim committee for Mental Health and Disability Services and make recommendations on eligibility criteria, Medicaid and nonMedicaid core services, outcome and quality measures, provider accreditation, and regional service plans. The DHS workgroups are also tasked with the following:

- Incorporating strategies to allow individuals to receive services in accordance with the Olmstead principles.
- Continuing the DHS leadership role in the Medicaid Program in defining services covered, establishing reimbursement methodologies, and engaging in federal options for program enhancements that are beneficial to consumers and the state such as medical or behavioral health homes.
- Implementing mental health crisis response services statewide in a manner determined to be most appropriate by each region.
- Reviewing best practices and programs utilized by other states in identifying new approaches for addressing the needs for publicly funded services for persons with Brain Injury.
- Developing a proposal for addressing service provider shortages.
- Developing a proposal for service providers addressing co-occurring mental health, intellectual disability, brain injury, and substance abuse disorders.
- Developing a proposal for redesign of publicly funded children's disability services, including but not limited to the needs of children who are placed out-of-state due to the lack of treatment services in State.

EXECUTIVE SUMMARY ADULT DISABILITY SERVICE SYSTEM REDESIGN ACT

SENATE FILE 525

BILL SUMMARY DIVISION I & II (CONTINUED)

- Developing a proposal for adult disability services not paid for by the Medicaid program to be administered on a regional basis in a manner that provides multiple local points of access for consumers needing adult disability services, regardless of the funding sources for the services.

The Act continues the Judicial Branch and DHS workgroup to continue improving the involuntary commitment process for substance abuse and serious mental illness.

The Act directs the DHS, Department of Public Health, and Community Services Network hosted by the Iowa State Association of Counties to develop a plan for an integrated data and statistical information system for Mental Health, Disability Services, and Substance Abuse Services.

The target date for full implementation of the plan is July 1, 2013, subject to available funding.

DIVISION III

Division III makes changes to the Code Sections related to Psychiatric Medical Institutions for Children (PMICs) including adding Advanced Registered Nurse Practitioners or a Psychiatric Assistant to the team of professionals caring for children in a PMIC and allowing PMICs to expand beds for out of State children.

The Division also creates a PMIC transition committee to develop a plan to transition PMIC reimbursement Medicaid to the Iowa Plan managed care provider.

DIVISION IV

Division IV rewrites statutory language relating to the licensing and accreditation of Community Mental Health Centers.

DIVISION V

Division V relates to Substance Abuse and renames the terms “chemical dependency,” “chronic substance abuser,” and “substance abuser,” to “person with a substance-related disorder.”

APPROPRIATION

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

FISCAL IMPACT

The fiscal impact for this Act 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.

**EXECUTIVE SUMMARY
ADULT DISABILITY SERVICE SYSTEM REDESIGN ACT**

SENATE FILE 525

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 Act, 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 nonMedicaid-funded services. It is estimated that counties will have \$41.8 million in fund balances that can help offset increased Medicaid costs in FY 2012. Although no date is set in the Act 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 Act to pay for those services, the State would need an additional \$81.4 million in FY 2013 to fully fund Medicaid.

FISCAL IMPACT – NONMEDICAID

Counties, on a regional basis, will continue to fund all nonMedicaid Disability services under this Act. In FY 2011 it is estimated counties will spend \$156.5 million on nonMedicaid services. There has been no determination on the sources of funding regions will be able to use to fund these services.

FISCAL IMPACT – NEW SERVICES

The DHS is required to meet with 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.

ENACTMENT DATE

This Act was approved by the General Assembly on June 27, 2011, and signed by the Governor on July 26, 2011.