



DENNIS C. PROUTY
 DIRECTOR
 515/281-5279
 FAX 281-8451

STATE CAPITOL
 DES MOINES, IOWA
 50319

STATE OF IOWA
 LEGISLATIVE FISCAL BUREAU

The Program Elimination Commission has met four times since the last Fiscal Committee meeting. At the meetings the Commission heard presentations on and discussed a variety of State programs and agencies.

At the November 18 meeting, the Commission discussed and will proceed with the following proposals received from its Members for discussion during the meetings scheduled for December 3 and 9.

(The proposals listed below are not necessarily in final form, as the Commission Members reserved the right to modify or withdraw them as information is collected and reviewed related to each.) Commission staff will be analyzing the proposals, and where possible, prepare cost saving information to the Commission.

1. Recommend that the Legislative Council establish a Commission to consider establishing common boundaries for service areas (i.e., Area Education Agencies [AEAs], judicial districts, Department of Human Services [DHS] districts, community-based corrections [CBCs] districts) with a completed report due 12-31-03 and implementation during the 2004 Legislative Session.
2. Encourage consolidation of secondary schools with an enrollment of less than 100 by school year 2004-05, and consider possible funding incentives.
3. Encourage shared administrative services by school districts and possible incentives or penalties.
4. Modify sentencing guidelines to allow some portion of an 85.0% mandatory sentence to be served in a CBC setting.
5. Coordinate the management of CBCs through the establishment of a state CBC Director reporting to the Director of the Department of Corrections.
6. Establish a pilot program to enable parents/schools to use special education dollars to pay for alternative, non-AEA programs. Pre- and post-evaluation research will be used to measure progress.
7. Encourage county governments to have regional governing centers made up of not less than four contiguous counties, to provide consolidated services of Auditor, Treasurer, and Recorder. Any county having a population of 250,000 persons or more will be exempt from this requirement. The General Assembly should consider incentives to encourage this transition.
8. Reduce the size of the General Assembly, such that the House of Representatives has a minimum of 48 Members and the Senate has a minimum of 24 Members.
9. Change the State budgeting process to a biennial budgeting format beginning with the FY 2006-07 budget.

10. Eliminate one of the State Mental Health Institutes (MHIs), consolidate and relocate the residents and programs to other existing MHIs.
11. Create within the Department of Education, a Bureau of Early Childhood Care and Education. The purpose of this Bureau would be to collocate and coordinate all programs dealing with early childhood care and education, including, but not limited to state childcare assistance; early childhood education, including, but not limited to public pre-school programs and empowerment grants; and the registration and licensing administration of all childcare home and centers as required by law. The empowerment legislation intent language to provide a vehicle for more effective state-local relationships should be maintained within the Department of Management.
12. Childcare licensing staff should be collocated and coordinated with the child and adult care food program with emphasis placed on maximizing the use of federal funds as a cash incentive for caregivers and to administer food and nutrition programs and provide support, education, training, and oversight for caregivers. A minimum of 5.0 percent of administrative funds shall be used to develop local systems of recruitment and training of caregivers for peer review teams with a goal of increasing program participation, training, education, and support of home caregivers.
13. Merge the Departments of Economic Development and Workforce Development.
14. Proposed Medicaid changes:
 - a. Implement Disease Management programs for:
 - Asthma
 - Congestive Heart Failure
 - Diabetes
 - b. Supplemental rebates from pharmaceutical companies - similar to Florida's approach
 - c. Lower Prescription fill fee from \$5.17 to \$4.00.
 - d. Change state payment for drugs from Average Wholesale Price minus 10 percent to Wholesale Acquisition Price plus 15 percent. This change would reflect the true cost of drugs to pharmacists plus a percentage to help cover their costs. This amount would be in addition to the fill fee.
 - e. Eliminate payment for over-the-counter products like shampoo and kleenex that are "prescribed" to be covered by Medicaid.
 - f. Lower fee for generic prescription drugs to 50 cents while raising the fee for brand-name drugs to \$2 for drugs costing between \$25 and \$49, and \$3 for those drugs costing over \$50.
 - g. Re-implement monthly income reporting for Medicaid eligibility.
 - h. Enact substantial changes to the scope and duration of services.
 - i. Require DHS to implement cost-sharing for those services where the Code of Iowa gives them the authority to collect it.
 - j. Require Veterans in long term care to use veterans eligibility for care and prescription drugs before billing Medicaid for assistance.
 - k. Increase the authorized level of full-time equivalent (FTE) positions in the Department of Veterans Affairs as needed (up to 5.0 FTE) to allow pre-admission screening to identify potential federal Veterans Administration (VA) benefits-eligible persons applying for

nursing home residency and eligibility of those persons for receiving federal VA prescription drug programs to reduce the State cost of Medicaid related to these individuals. The number of FTE positions needed by the Department for this pre-admission screening should be reduced in equal number from the Department of Human Service's FTE authorization.

I. Other Medicaid related changes.

15. Consolidate the provision of Administrative services including: printing, information technology, mail, payroll, financial accounting, property management, fleet management, and purchasing. The Department of Management would serve as the unified authority to serve as the decision-making authority for the provision of these services.
16. All private providers of child welfare services would be given more flexibility in service provision for enhance accountability through performance contracting and minimizing redundant paper work in the system.
17. Enable the Judicial Branch to restructure services, perhaps maintaining a presence in every county but not necessarily a Clerk of Courts, eliminating mandates in Code of Iowa, and consider other changes to increase flexibility for the Judicial Branch to administer its offices.
18. The Department of Workforce Development would conduct a pilot outsource project of local offices at two locations, for example, one large and one small office, and allow the offices to be run by a local nonprofit agency, community college, or chamber of commerce, and provide for performance contracting to measure the level of success.

Additional information, including agendas, minutes, and handouts from each meeting are available from the Legislative Fiscal Bureau or the Legislative Service Bureau and can be accessed at the Program Elimination web site located at

<http://www.legis.state.ia.us/GA/79GA/Interim/2002/comminfo/progelim.htm>.

Staff contacts: John Pollak (515-281-3818), Douglas Wulf (515-281-3250) or Patty Funaro (515-281-3040).

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