

HHS ABRIDGED VERSION

**Government Reorganization and
Efficiency Bill
Senate Study Bill 3030**

Proposed Action:

**Senate State
Government
Committee**

January 20, 2010

**An Act concerning state government reorganization and efficiency,
making appropriations, establishing fees, establishing criminal penalties,
and providing effective and applicability provisions.**

FISCAL IMPACT STATEMENT

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

Fiscal Services Division

LSA Contacts: Sue Lerdal (281-7794),
Jess Benson (281-4611), and Deborah Helsen (281-6764)



Fiscal Impact Summary

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Bill Division	Description	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
		State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
I	DAS Digital Government	\$ 0	\$ 0	\$ 7,900,000	\$ 0	\$ -5,000,000	\$ 0
II	DAS Electronic Records Study	0	0	0	0	0	0
III	Publication Modernization	0	0	0	0	0	0
IV	Electronic Records*	0	0	0	-6,570,000	0	-6,570,000
V	State Budgeting and Personnel	0	0	0	0	0	0
VI	Span of Control	0	0	0	0	-21,500,000	-28,200,000
VII	DAS Centralized Purchasing	0	0	-7,500,000	-7,500,000	-7,500,000	-7,500,000
VIII	Require EFT for all State Employees	0	0	-100,000	-126,000	-100,000	-126,000
VIII	DAS Operations - Lease Consolidation	-200,000	0	-500,000	0	-500,000	0
IX	Move ABD to Department of Revenue	0	0	0	0	0	0
X	Close ABD Warehouse on Fridays	0	0	-20,000	0	-20,000	0
X	Tobacco Retail Compliance Checks	0	0	0	0	0	0
XII	Human Rights Reorganization	0	0	0	0	0	0
XIV	DOM Financial Administration Reorganization	0	0	-260,000	0	0	0
XVI	Eliminates Renewable Fuels Advisory Committee	0	0	0	0	0	0
XVI	Eliminates the Organic Products Advisory Council	0	0	0	0	0	0
XVII	Reduces Membership to Brushy Creek Board	0	0	0	0	0	0
XVII	Eliminates Sustainable Natural Resource	0	0	0	0	0	0
XVII	Eliminates Upland Game Bird Committee	0	0	0	0	0	0
XVIII	Eliminates Climate Change Committee	0	0	0	0	0	0
XIX	Eliminates the Livestock Advisory Council	0	0	0	0	0	0
XX	Eliminates State Preserves Board	0	0	0	0	0	0
XX	Adds One Member to Natural Resource Comm.	0	0	0	0	0	0
XXI	Moving UST Board Tasks to the DNR	0	0	0	0	0	0
XXII	DED Boards Elimination	0	0	0	0	0	0
XXIII	Housing Programs from DED to IFA	0	0	0	0	0	0
XXIV	Eliminate ETC, LTC, and Ag Ed Advisory Council	-10,000	0	-10,000	0	-10,000	0
XXIV	Withdraw from MHEC	0	0	0	0	0	0
XXIV	AEA Transition	0	0	unknown	0	unknown	0
XXV	Increased Efficiencies DHS	0	0	0	0	0	0
XXV	Pharmaceutical Improvements	0	0	unknown	0	unknown	0
XXVI	Eliminate Hospital Licensing Board	0	0	-1,500	0	-1,500	0
XXVII	Child Support Payor Transfer	0	0	-23,000	0	-23,000	0
XXVIII	False Claims Act	0	0	0	0	0	0
XXIX	Medicaid Preferred Drug List	0	0	-156,000	0	-187,000	0
XXIX	Medicaid Mental Health Drug	0	0	-400,000	0	-479,000	0
XXX	Medicaid Chronic Disease Management	0	0	-2,700,000	0	-6,500,000	0
XXXI	Medicaid HCBS Waiver Review	0	0	-5,700,000	0	-6,900,000	0
XXXII	Medicaid - Transfer of Assets	0	0	-586,000	0	-772,000	0
XXXIII	Child Care Advisory Committee	0	0	0	0	0	0
XXXIV	Mt. Pleasant MHI Closure	860,000	0	-1,300,000	0	-1,300,000	0
XXXV	Consolidation-Council on Human Services	0	0	0	0	0	0

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		State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
XXXVI	Consolidation-State Board of Health	0	0	0	0	0	0
XXXVII	Family Support Subsidy Program	0	0	-355,000	0	-121,800	0
XXXVII	Move ODCP to Public Safety	0	0	0	0	0	0
XXXVIII	Electronic Funds Transfers in DHS	0	0	0	0	0	0
XXXIX	Adoption Subsidy Program - DHS	0	0	-1,749,000	0	0	0
XLI	Guardian Ad Litem Change	0	0	0	0	0	0
XLII	Veterans County Grant Program	0	0	0	0	0	0
XLIII	Reduce Board of Corrections Meetings	0	0	-6,400	0	-6,400	0
XLIII	Close Luster Heights, Farm 1 and 3	0	0	-2,361,000	0	-2,361,000	0
XLIV	Reduction in Indigent Defense (Public Defender increase)**	0	0	-2,500,000	0	-2,500,000	0
XLIV	Reduction in Indigent Defense (add Wapello County PD Office)**	0	0	-1,253,000	0	-1,253,000	0
XLIV	Eliminate Indigent Defense Advisory Council	0	0	0	0	0	0
XLV	Additional Cost to DOT for ILEA Training	0	0	0	11,600	0	11,600
XLV	Additional Cost to DNR for ILEA Training	0	0	2,900	0	2,900	0
XLVI	Merge DNE with DCI	0	0	-232,000	0	-232,000	0
XLVII	Move ODCP to Public Safety	0	0	0	0	0	0
XLVIII	State Government Efficiency Review Committee	0	0	0	0	0	0
TOTAL		\$ 650,000	\$ 0	\$ -19,810,000	\$ -14,184,400	\$ -57,263,800	\$ -42,384,400

*Division IV results in potential savings to local governments (cities, counties, schools) but no State savings.

**Net savings is less because of appropriations to the Public Defender's Office. See tracking document.

REVENUE CHANGES

Bill Division	Description	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
		State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
VIII	DAS - Surplus Property Inventory (potential sales)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
XI	Allow for Direct Shipment of Wine	0	0	375,000	0	412,500	0
XIII	Lower Threshold for Gambling Setoffs	0	0	2,500,000	0	2,500,000	0
XV	Hire Five New Revenue Auditors	0	0	2,700,000	0	2,700,000	0
XXI	Statutory Allocation Fund for UST	0	0	0	0	0	0
XXXIV	Mt. Pleasant MHI Closure	75,000	0	112,000	0	112,000	0
XL	Juvenile Detention Fund	0	0	3,700,000	0	3,700,000	0
XLIII	New Disciplinary Fee	0	0	6,000	0	6,000	0
XLV	ILEA Charge DOT and DNR Full Cost of Training	0	0	0	14,500	0	14,500
XLV	ILEA Pilot Training Project	0	0	25,000	0	25,000	0
TOTAL		\$ 75,000	\$ 0	\$ 9,418,000	\$ 14,500	\$ 9,455,500	\$ 14,500

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DIVISION VI: Span of Control

Background

This Division incrementally increases the span of control (ratio of employees to supervisors) for all Executive Branch agencies. Iowa Code currently requires a span of control of 14 employees for one supervisor to be implemented by July 1, 2011. Current law also exempts the following agencies from the span of control requirement: the Board of Regents, Department of Human Services, and Judicial District Departments. The proposed change requires the agencies currently exempt to comply with the new span of control provisions. Division VI changes the span of control over a six-year period as follows:

- FY 2012: 15:1
- FY 2013: 16:1
- FY 2014: 17:1
- FY 2015: 18:1
- FY 2016: 19:1
- FY 2017: 20:1

Assumptions

- The salary and benefit savings are based on the average supervisor salary and benefits for each State agency as of the 11th pay period of FY 2010.
- For estimating purposes, this analysis assumes a status quo employment level based on the 11th pay period of State government.
- Incrementally increasing the span will result in the loss of 728.0 FTE supervisory positions in FY 2012 and a total of 306.0 FTE positions in the remaining five years.
- Unemployment compensation benefit calculations assume an average weekly benefit amount of \$402 (the amount paid when a laid-off employee claims two dependents), for 26 weeks.
- Certain small State agencies were not included in the calculation. This includes agencies that have only one supervisor (Director) and where the number of employees is such that the span of control exceeds one supervisor to 15 employees.
- Information for the Board of Regents and the Judicial Districts of the Department of Corrections was not available and therefore not included in this estimate. These agencies do not use the State's central accounting system.

Fiscal Impact

This Division will result in net salary savings to the General Fund of \$31.7 million and \$39.1 million in non-General Fund sources over a six-year period beginning in FY 2012. The following chart shows the net savings by fiscal year.

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DIVISION VI: Span of Control (continued)

	(Dollars in Millions)					
	General Fund			Non-General Fund		
	Salary Savings	Unemployment	Net Salary Savings	Salary Savings	Unemployment	Net Salary Savings
FY 2012	\$ 24.9	\$ -3.4	\$ 21.5	\$ 32.4	\$ -4.2	\$ 28.2
FY 2013	3.2	-0.4	2.8	3.1	-0.4	2.7
FY 2014	2.6	-0.4	2.2	2.9	-0.4	2.5
FY 2015	2.2	-0.3	1.9	2.2	-0.3	1.9
FY 2016	2.2	-0.3	1.9	2.4	-0.3	2.1
FY 2017	1.6	-0.2	1.4	1.9	-0.2	1.7
Total	\$ 36.7	\$ -5.0	\$ 31.7	\$ 44.9	\$ -5.8	\$ 39.1

Sources

Department of Management
Legislative Services Agency

LSA Fiscal Services Division Contact: Dave Reynolds (515-281-6934) dave.reynolds@legis.state.ia.us

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DIVISION X: Alcoholic Beverages Division – Reorganization

Section 101 – Tobacco Retail Compliance Checks

Background

The Division of Tobacco Use, Prevention and Control, located within the Department of Public Health (DPH), is charged with the responsibility of enforcing State and federal laws prohibiting the sale of tobacco products to minors. The Tobacco Division contracts with the Iowa Alcoholic Beverages Division (ABD), within the Department of Commerce, to perform tobacco compliance checks of Iowa's approximately 3,500 tobacco sales permit holders. The ABD contracts with State, county, or local law enforcement agencies for compliance checks within their respective jurisdiction. Reimbursement is made by the ABD for each check conducted.

The tobacco enforcement budget for the ABD is determined by the Tobacco Division and the funds are transferred via a Code Section 28E Agreement between the two entities. The actual expenditures for tobacco enforcement for FY 2009 totaled \$1,003,000. The ABD conducted 7,710 checks through local law enforcement for a total cost of \$385,500. The remaining funds covered salaries, in-state travel expenses for field staff managing agreements with local law enforcement and DPH, web-hosting and other program expenses. For FY 2010, the estimated net amount budgeted by the Tobacco Division, after the Governor's across-the-board funding reductions in October of 2009, is \$857,700. This Section will restrict the number of tobacco enforcement checks to one check per tobacco retail outlet for FY 2011.

Assumptions

- The ABD will conduct 3,500 checks in FY 2010 at a cost of \$50.00 per check for a total of \$175,000.
- The ABD will continue to reimburse each local law enforcement compliance check at \$50.00 each in FY 2011.
- In FY 2011, there will be approximately 3,500 tobacco sales permit holders.

Fiscal Impact

There is no fiscal impact for this Section. It is estimated that it will cost \$175,000 for FY 2011 for the Alcoholic Beverages Division to conduct compliance checks on tobacco sales permit holders. This is no change from FY 2010.

Sources:

Division of Tobacco Use, Prevention and Control, Department of Public Health
Alcoholic Beverages Division, Department of Commerce

LSA Fiscal Services Division Contact: Deborah Helsen (515-281-6764) deborah.helsen@legis.state.ia.us

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DIVISION XXV: Health and Human Services Program Efficiencies

Section 367 – Directive for Increased Efficiencies in Human Services Programs.

This Section requires the Department of Human Services (DHS) to develop and implement strategies to increase efficiencies. These include reducing duplication in eligibility determinations among programs. The Department is required to submit a monthly progress report to the Health and Human Services Subcommittee.

Fiscal Impact: Although no fiscal impact can be determined, it is assumed that the Department will free up staff time because of increased efficiency and less duplication. The Department may also realize minimal savings.

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Section 368 – Pharmaceutical Improvements

This Section requires the Departments of Human Services, Public Health, Corrections, Management, and any other appropriate agency to identify strategies to improve efficiencies in pharmaceuticals, including changes to State law or approval from the federal government.

The Department of Corrections (DOC) is in the process of creating a centralized pharmacy for the prison system, using generics as a base for its formulary. Any substitutes of name brand medications are to be documented.

Over the past several years, most if not all of these agencies (including University of Iowa Hospitals and Clinics) have worked together on an intermittent basis to address pharmacy costs. Most cost savings ideas have been hampered by federal regulations regarding the specific populations of the individual agencies. For example, DOC is at a higher cost than DHS for the same medicine, because one population is criminals while the other is civilians.

Fiscal Impact: The fiscal impact cannot be determined. It is anticipated any savings would be generated after FY 2012, when any potential changes to state law or federal regulations would take effect.

Sources

Department of Corrections
Department of Human Services

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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DIVISION XXVI: Hospital Licensing Board

Background

Eliminates the Hospital Licensing Board in the Department of Inspections and Appeals (DIA) and requires licensing fees to be paid directly to the DIA instead of the Board.

Assumptions

The Department would be able to assume the Board's duties without additional staff.

Fiscal Impact

The estimated General Fund savings is expected to be \$1,500 for FY 2011 and FY 2012.

Sources

Department of Inspections and Appeals

LSA Fiscal Services Division Contact: Joseph Brandstatter (515-281-8223) joseph.brandstatter@legis.state.ia.us

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DIVISION XXVII: Child Support

This Division requires businesses that collect child support payments from employees and transmit them to the State must do so through electronic means with exceptions in cases when it may cause a hardship.

Background

Currently only 56.0% of support payments are transmitted electronically where businesses are filing 97.0% of their returns electronically. The Department of Human Services has both an electronic funds transfer option and a website available for easy electronic transfer.

Fiscal Impact

This change is estimated to save the General Fund \$23,000 annually in processing costs beginning in FY 2011.

Sources

Department of Human Services
Public Works LLC

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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DIVISION XXVIII: False Claims Act

Background

This Division (Sections 374 through 380) creates a False Claims Act. The False Claims Act is an attempt to secure a larger recovery for the State (10.0%) under Medicaid Fraud actions. The language is broader than Medicaid Fraud. The Bill provides a procedure for the State and private individuals to bring an action for fraud against a person that may result in financial loss to the government.

Any statute has to be reviewed by the federal Department of Health and Human Services before it can be implemented. The language will not be reviewed until it has been enacted. The language in SSB 3030 is based on a model act and must still be reviewed by the federal government. This could result in implementation being delayed the first year. If the language is rejected, the General Assembly has to pass another bill to attempt to get federal approval. Several states have had their statutes rejected. Iowa currently operates under the Federal False Claims Act. There are currently 25 states with a False Claims Act.

Assumptions

- The Bill has the potential to impact the work load in the Judicial Branch and the Attorney General's Office. The Bill may impact collection efforts and staffing workloads of the Department of Human Services and the Department of Inspections and Appeals.
- If the language is approved by the federal government, the State will be allowed to retain 10.0% of the federal share of Medicaid Fraud recoveries.
- The language will most likely increase the number of fraud cases brought to court. Some of the cases will result in additional recoveries to the State. Some may be nuisance cases without a legitimate claim. Those cases will increase the workload of State agencies with no recoveries. There is no method to determine the number of fraud cases that are either legitimate or a nuisance.
- A percentage of those found fraudulent will not be able to pay. This increases the amount of uncollectible debt owed to the State.
- The Department of Inspections and Appeals indicates if an approved False Claims Act had been in place, an additional \$350,000 in FY 2008 and an additional \$236,000 in FY 2009 would have been recovered under the Medicaid Fraud provisions for a two-year average of \$293,000 annually.
- There is no information available to project the amount to be recovered by lawsuits brought by private individuals.

Fiscal Impact: The net fiscal impact cannot be determined at this time. Any recoveries under the Medicaid Fraud provisions may be offset by increased costs to State agencies for actions under the Bill. Any receipts for FY 2011 will be for a partial year, because no actions may be taken until the language is approved by the federal government.

Sources: Office of the Attorney General, Judicial Branch, Department of Human Services, Department of Inspections and Appeals, and the National Association of Attorneys General

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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DIVISION XXIX: Medicaid Prescription Drugs

Section 381 requires the Department of Human Services to adopt rules to restrict physicians and other prescribers to a maximum of three days of prescription drugs that are not on the Medicaid Preferred Drug List (PDL) while seeking approval to continue the medication.

Background

The Department of Human Services currently allows physicians to prescribe a one-time 30-day supply of prescription drugs while they are waiting for prior authorization if a drug is not on the Preferred Drug List. Federal law requires only an emergency three-day supply while waiting for approval.

Assumption: Assumes an FMAP (Federal Medical Assistance Percentage) rate of 31.18% for FY 2011 and 37.37% for FY 2012.

Fiscal Impact: Reducing the length of a prescription from 30 days to three days is estimated to save the General Fund \$156,000 in FY 2011 and \$187,000 in FY 2012.

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Section 382 requires the Department of Human Services to adopt rules to place chemically unique mental health drugs on the nonpreferred drug list and require prior authorization if the drug does not receive supplemental rebates.

Background

It is the current policy of the Department of Human Services to put all chemically unique mental health drugs on the PDL, even if they don't receive any rebates for the drugs.

Assumption: Assumes an FMAP rate of 31.18% for FY 2011 and 37.37% for FY 2012.

Fiscal Impact

By requiring only mental health drugs that receive supplemental rebates to be placed on the PDL, it is estimated to save the State \$400,000 in FY 2011 and \$479,000 in FY 2012.

Sources

Department of Human Services
Public Works LLC

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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DIVISION XXX: Medicaid Disease Management

This Division requires the Department of Human Services to design and implement a chronic disease management program for children.

Background

By implementing a chronic disease management program, Iowa can assure that providers are using best practices to treat patients. A number of other states have implemented similar programs and it has been shown to save significant amounts of money.

Assumptions

It is assumed that the State could save 40.0% on asthma and diabetes hospital related expenses, 20.0% on complex hospital related cases, and 7.0% on hospital expenses related to low birth weight babies. This also assumes that it would take half a fiscal year to design and implement the program, with an implementation date of January 1. Assumes an FY 2011 FMAP rate of 31.18% and FY 2012 FMAP State rate of 37.37%.

Fiscal Impact

This change is estimated to save the State \$2.7 million in FY 2011 and \$6.5 million in FY 2012.

Sources

Department of Human Services
Public Works LLC

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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DIVISION XXXI: Medicaid Home and Community-Based Services (HCBS) Waiver

This Division requires the Department of Human Services to set a trigger for a review of payments for services provided under the HCBS Waivers. After the development of the trigger mechanism, the Department shall require advanced approval for services where the payment is projected to exceed the median.

Background

Payments for waiver services tend to vary greatly, with the median value of payments for the Intellectual Disability Waiver being \$16,953. By evaluating all of the costs above the median for each waiver, the State should be able to identify unnecessary services.

Assumptions

This estimate assumes the State will save 5.0% on payments above the median payment on all waivers and the FMAP rate will be 31.18% for FY 2011 and 37.37% for FY 2012.

Fiscal Impact

This change is estimated to save the General Fund \$5.7 million in FY 2011 and \$6.9 million in FY 2012.

Sources

Department of Human Services
Public Works LLC

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DIVISION XXXII: Divestiture – Medicaid Program

This Division strengthens the Medicaid law to increase recoveries of improperly-claimed Medicaid benefits and prevent ineligible individuals from receiving these benefits.

Background

It is illegal for individuals to transfer assets to another person for the sole purpose of qualifying for Medicaid. By hiring additional FTE positions to review possible Medicaid fraud, the State could collect assets owed and deter people from defrauding the State in the future with a cost/benefit ration of 2 to 1.

Assumptions

The Department of Inspections and Appeals would hire an additional 6.0 FTE positions as follows: four Investigators and one Chief Investigator at a cost of \$414,533; one Assistant Attorney General at \$133,397; and support staff for all positions of \$76,850. Additional vehicle and equipment costs would equal \$74,000. The Department receives a 50.0% Medicaid match rate for Medicaid-related administrative activities. This estimate assumes an FMAP rate of 31.18% for FY 2011 and 37.37% for FY 2012.

Fiscal Impact

It is assumed that after hiring additional employees to investigate fraud and abuse, the State would see a net savings to the General Fund of \$586,000 in FY 2011 and \$772,000 FY 2012.

Sources

Department of Human Services
Public Works LLC

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DIVISION XXXIII: Child Care Advisory Committee

Background

This Division establishes a State Child Care Advisory Committee under the purview of the Early Childhood Iowa Council that is supported by the Department of Public Health through a federal grant. Currently, the State Child Care Advisory Council is an independent Council and is staffed by the Department of Human Services. The new Committee will continue to operate as the Council currently does, however, members will be appointed by the Early Childhood Council and not by the Governor.

The current State Child Care Advisory Council costs approximately \$5,270 annually including staff time and operational costs. The Council is currently funded with a combination of General Fund money and federal funds.

Assumptions

- DHS will continue to staff the State Child Care Advisory Committee at an average of 72-80 hours per year.
- The new Council's operations will continue to be federally funded from the Child Care Development Block Grant.

Fiscal Impact

This Division will not have a fiscal impact to the State General Fund for FY 2011.

Source

Department of Human Services

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DIVISION XXXIV: State Mental Health Institutes

This Division appropriates funds to the Department of Human Services (DHS) for transition costs related to the closure of the Mount Pleasant Mental Health Institute (MHI) and relocating patients and a number of staff to one of the other three MHIs.

Background

House File 811 (FY 2010 Health and Human Services Appropriations Act) contained a section that required the Department to review the four MHIs and recommend the closure of at least one MHI. The Act also authorized a Task Force to study the economic impact the closing of one of the facilities would have on the communities where they are located. The Department's recommendation was to close Mount Pleasant and the relocation of all 79 beds in the facility to Independence.

Assumptions

This estimate assumes that 45 employees would accept administrative reassignment at an average reimbursable cost of \$25,000 and the State would be responsible for paying 90.0% of that cost. There will be a one-time cost of \$320,000 to renovate the facilities at the Independence MHI to accommodate the 79 relocated beds. There will be one-time payout costs and other costs associated with relocating equipment and beds. It is estimated that there will be an ongoing cost of \$768,000 to the Department of Corrections (DOC) for utilities and to maintain some of the shared DHS and DOC employees.

Fiscal Impact

For FY 2010, including the one-time costs involved with relocating employees, patients, and equipment, the closure of the Mount Pleasant MHI, along with the DOC costs, this closure is estimated to cost the General Fund \$860,000. For FY 2011 after eliminating one-time costs, the net savings to the General Fund is estimated to be \$1.3 million.

It is also estimated that these changes will increase county and federal revenue to the General Fund by \$75,000 in FY 2010 and \$112,000 in FY 2011.

Sources

Department of Human Services
Department of Corrections

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DIVISION XXXV: Consolidation of Advisory Bodies – Council on Human Services

Background

This Division eliminates the following bodies and reauthorizes them as advisory committees established by the Council on Human Services:

- Child Abuse Prevention Program Advisory Council that advises the Department of Human Services (DHS) on the expenditures of funds for the Department's Child Abuse Prevention Program.
- Child Support Advisory Committee that advises the DHS by making recommendations related to the processes, legislation, and policies relating to child support recovery efforts.
- Child Welfare Advisory Committee that advises the DHS on programmatic and budgetary matters related to the provision or purchase of child welfare services.

The Child Abuse Prevention Program is administered through a third-party contract with Prevent Child Abuse Iowa and the costs of the Advisory Council are included. The Child Support Advisory Council is funded by the General Fund and staffed by the DHS. The cost of staff time and Council operations was approximately \$1,600 in FY 2009. The Child Welfare Advisory Committee is also staffed by the DHS and is funded by the General Fund at a cost of approximately \$2,600 in FY 2009.

Assumptions

- The DHS will continue to contract with Prevent Child Abuse Iowa for FY 2011.
- The DHS will continue to staff the Child Support Advisory Committee in the same manner of operation as the Advisory Council.
- The DHS will continue to staff the Child Welfare Advisory Committee in the same manner of operation as the Advisory Council.

Fiscal Impact

This Division will not have a fiscal impact to the State General Fund for FY 2011.

Source

Department of Human Services

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GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT**

DIVISION XXXVI: Consolidation of Advisory Bodies – State Board of Health

Background

This Division eliminates the following bodies and reauthorizes them as advisory committees established by the State Board of Health, the policy-making and advisory Board for the Department of Public Health (DPH):

- **Advisory Council on Brain Injuries.** The Council promotes meetings and discussions related to brain injury, reviews resources related to delivery of services, participates in developing criteria for care, and makes recommendations to the Governor for developing and administering a State plan for brain injury services.
- **Center for Rural Health and Primary Care Advisory Committee.** The Committee does not have specific statutory duties other than meeting regularly with the Director of the Center for Rural Health and the Director for the Center of Agricultural Health and Safety. The Committee has also acted as an advisory committee for the Department of Public Health's Office of Rural Health.
- **Hemophilia Advisory Council.** The Council advises the DPH on legislative or administrative changes to policies and programs, standards of care, and the development of community-based initiatives.
- **State Medical Examiner Advisory Council.** The Council advises and consults with the State Medical Examiner on a range of issues affecting the organization and functions of the Office of the State Medical Examiner and the effectiveness of the medical examiner system in the State.
- **The Trauma System Advisory Council** assists the DPH to develop, coordinate, and monitor the statewide trauma care system.

The Advisory Council on Brain Injuries is funded with General Fund and federal money for a cost of approximately \$59,000 in FY 2009. The Center for Rural Health and Primary Care Advisory Committee is funded by the General Fund for an FY 2009 cost of approximately \$12,700. The Hemophilia Advisory Council received an appropriation of \$279 from the Health Care Trust Fund in FY 2009, however, funding for the Council was eliminated for FY 2010. The State Medical Examiner Advisory Council is funded by the General Fund and cost approximately \$300 in FY 2009. The Trauma System Advisory Council is funded by the General Fund and cost approximately \$5,500 in FY 2009.

Assumption: The DPH will continue to staff the aforementioned advisory committees in the same manner as they did when the Councils were independent of the State Board of Health.

Fiscal Impact: This Division will not have a fiscal impact to the State General Fund for FY 2011.

Source: Department of Public Health

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DIVISION XXXVII: Department of Human Services – Family Support Subsidy

Background

The Family Support Subsidy (FSS) Program serves families with children who have serious emotional disturbance, mental retardation, developmental disabilities, or brain injuries if their income is below \$40,000. A monthly payment is provided to families to help defray some of the special costs of caring for a child with a disability at home. In the first six months of FY 2010, the FSS Program was estimated to serve 346 children each month and provided a monthly payment of \$353.29 to families from June to December of 2009.

In October of 2009, the Governor ordered an across-the-board reduction and approved reductions to Department of Human Services (DHS) programs including the Family Support Subsidy Program. The DHS placed a freeze on the FSS Program waiting list and reduced the amount of the monthly payments to families from January 2010 through June 2010 by 24.4%. As a result of these reductions, the number of active cases per month will decrease from 346 to 312 and subsidy payments will decrease from \$353.29 to \$267.20 per month.

According to the DHS, an average of 30 participants will age out of the program each year and another six to 10 participants are determined ineligible in an annual review. For FY 2010, an estimated 71.0% of children receiving a subsidy also receive Medicaid Home and Community-Based Services (HCBS) waiver services.

This Division will prohibit the DHS from accepting any new enrollments into the FSS Program effective July 1, 2010, or FY 2011. The DHS will not be permitted to approve any pending applications for the FSS Program after this date as well.

Assumptions

- The total cost for subsidy payments to families in FY 2010 will be an estimated \$1,233,628.
- For FY 2011 and FY 2012, 38 families currently enrolled in the FFS Program will either age out of the Program or become ineligible.
- The average monthly enrollment for FY 2011 will be 274. The average monthly enrollment for FY 2012 will be 236.
- The average monthly payment to families for FY 2011 and FY 2012 will not change from the adjusted FY 2010 rates of \$267.20 per month.
- The total cost for the subsidies for FY 2011 will be \$878,554. The total cost for FY 2012 will be \$756,710.

Fiscal Impact: The fiscal impact of this Division for FY 2011 is an estimated expenditure reduction of \$355,000 for subsidy payments to families in the FFS Program compared to FY 2010. For FY 2012, the estimated expenditure reduction is \$121,800 compared to FY 2011.

Sources

Department of Human Services
Iowa Efficiency Review Report

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DIVISION XXXVIII: Department of Human Services – Electronic Funds Transfer Payment

Background

Electronic payments are widely used in the Department of Human Services (DHS), but not in the Child and Family Services Division. Additionally, all Health Insurance Premium Payments (HIPP) payments and most payments to Medicaid providers are made by paper warrants. Only 25.0% of the DHS payments are made electronically through an Electronic Funds Transfer (EFT). Handling of paper warrants involves production and handling of the warrant, as well as mailing and postage costs.

This Division directs the DHS to continue expanding the practice of making payments to program participants and vendors by means of EFT for all of their programs.

Fiscal Impact

There is no fiscal impact for this Division at this time.

Sources

Department of Human Services
Public Works Iowa Efficiency Review Report

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DIVISION XXXIX: Department of Human Services – Adoption Subsidy Program

Background

A child is eligible to receive an adoption subsidy if the child meets both of the following criteria:

- The child has a special need (has a physical, mental or emotional disability; is Caucasian and age eight or older; or is a member of a minority race or ethnic group and two years of age or older); and
- The State could not place the child for adoption without the subsidy.

As of June 30, 2009, there were 8,387 children receiving an adoption subsidy payment.

The Legislature sets the maximum daily adoption subsidy rate in the annual Health and Human Services Budget Appropriations Bill. In statute, the amount is required to reflect 65.0% of what the United States Department of Agriculture estimates the cost to raise a child is in Iowa. However, for FY 2009 and FY 2010, the Legislature allowed rates to be lower than 65.0%.

As a result of the Governor's across-the-board (ATB) reductions in October of 2009, the Department of Human Services (DHS) lowered the current rates by 5.0%. These new rates will be in effect from January of 2010 through June of 2010. The DHS estimated General Fund savings of \$801,600 for the last six months of FY 2010 as a result of the reduction. The DHS also lowered the maximum allowable legal fee reimbursement from \$700 to \$500 for the last six months of FY 2010 as another way to absorb the ATB reductions. These legal fees assist families in finalizing adoptions. The DHS estimated a six-month General Fund savings of \$72,900.

This Division directs the DHS to continue to utilize the new rates set for the last six months of FY 2010 for FY 2011. The Division also provides for the continuation of capping the legal fee reimbursements at \$500 for FY 2011.

Assumption: Savings from the last six months of FY 2010 will double in FY 2011.

Fiscal Impact

The fiscal impact of this Division is a total estimated reduction in expenditures for adoption subsidy payments and legal fee reimbursements of \$1,749,000 for FY 2011.

Sources

Department of Human Services
Public Works Iowa Efficiency Review Report

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DIVISION XL: Juvenile Detention Home Fund

Background

The Department of Transportation (DOT) collects civil penalties for regular license suspensions and deposits them in the Juvenile Detention Home Fund. The Juvenile Detention Home Fund is administered by the Department of Human Services (DHS) and reimburses expenses at eligible detention facilities. In recent years, the detention facilities have been reimbursed for approximately 20.0% of their costs. For FY 2009, the DOT estimates that a total of \$3.8 million was collected and deposited in the Juvenile Detention Home Fund. For FY 2010, it is estimated that collections to the Fund will be approximately \$3.7 million. Below is a chart that reflects the total costs of all of the facilities, the amount that was reimbursed to them from the Fund, and the percentage of their total costs that the reimbursement represented dating back to FY 2006.

	Detent. Facilities Total Costs	Funds Disbursed to Detent. Facilities	Percent of Costs Reimbursed
FY 2006	\$ 14,744,937	\$ 3,599,784	24.41%
FY 2007	\$ 16,193,403	\$ 3,360,722	20.75%
FY 2008	\$ 17,764,355	\$ 3,764,041	21.19%
FY 2009	\$ 16,084,900	\$ 3,793,181	23.58%
FY 2010 estimated	\$ 16,084,900	\$ 3,700,000	23.00%

Assumption: The DOT will collect \$3.7 million from civil penalties to be deposited in the General Fund for FY 2011.

Fiscal Impact

The fiscal impact of this Division to the General Fund for FY 2011 and for FY 2012 is an estimated revenue increase of \$3.7 million. There would be a minimal fiscal impact to the DHS as staff time would no longer be dedicated to processing juvenile detention home reimbursement requests. Counties that operate juvenile detention facilities will be impacted as the State share of funding support would be eliminated under this legislation.

Sources: Departments of Human Services and Transportation

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DIVISION XXXLI: Guardian Ad Litem

Background

This Division permits a guardian ad litem to obtain information about the status of a child by means other than an in-person visit or interview, as long as the child's safety is not at risk. A guardian ad litem is a person appointed to represent the interests of a juvenile with respect to a single action in litigation. The Department of Human Services (DHS) has procedures in place, including reciprocity agreements with other states, for certain out-of-state placements.

Certain children are placed outside of Iowa and are the responsibility of Juvenile Court Officers (Judicial Branch) and their parents.

If a child's parents are indigent, certain guardian ad litem are paid through the State Public Defender's Office.

Assumptions

The language is permissive. Judges may not change their current practices or court orders. The language permits guardian ad litem to use their discretion and this may increase or decrease State costs, depending on the methods chosen.

Fiscal Impact

If judges do not change current practice, no savings can be achieved. Depending on alternatives chosen by guardian ad litem, the language provides potential for saving State funds or increasing State costs. A fiscal impact cannot be provided due to the permissive language in the Bill.

Sources

Office of the State Public Defender
Department of Human Services
Judicial Branch

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DIVISION XXXLII: County Commissions of Veteran Affairs Fund

Background

Current law provides that each county receives a \$10,000 grant from an appropriation (not a standing appropriation) for veterans-related expenditures. This Division requires criteria to be set by the Department of Veterans Affairs for counties to meet prior to receiving the funding.

Assumptions

- That the Department of Veterans Affairs determines criteria for the annual grant that permits all 99 Departments of Veterans Affairs at the county level to qualify to receive the same funding as provided by the previous annual grant.
- That the appropriation remains at \$990,000 (the FY 2010 original appropriation was \$1.0 million reduced by the 10.0% across-the-board Executive Order by the Governor) for FY 2011.

Fiscal Impact

No fiscal impact. The FY 2011 appropriation would be the same as the FY 2010 adjusted amount that includes the 10.0% across-the-board reduction.

Source

Legislative Services Agency

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DIVISION XLVIII: State Government Efficiency Review Committee

Background

This Division establishes a permanent State Government Efficiency Review Committee. The Committee is required to meet at least every four years to review the operations of State government.

Fiscal Impact: The fiscal impact of meeting expenditures is expected to be minimal (less than \$100,000).

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