

Iowa Department of Human Services



Mental Health and Disabilities Services Funding

January 26, 2012

OVERVIEW

Mental Health and Disabilities Services (MHDS) funding comes from the following sources:

- Federal Funds
- State Funds
- Local County Property Tax

Federal funds include:

- Federal share of Medicaid
- Mental Health Block Grant
- Social Services Block Grant
- Money Follows the Person Grant

State funds include:

- State funds allocated to and managed by the counties – FY 2012 total \$176,366,843
 - Energy Replacement Tax
 - Property Tax Relief
 - Allowed Growth
 - Community Services
 - Risk Pool
- State funds administered by DHS
 - Non-federal share of Medicaid for services/persons assigned to the state
 - State Payment Program

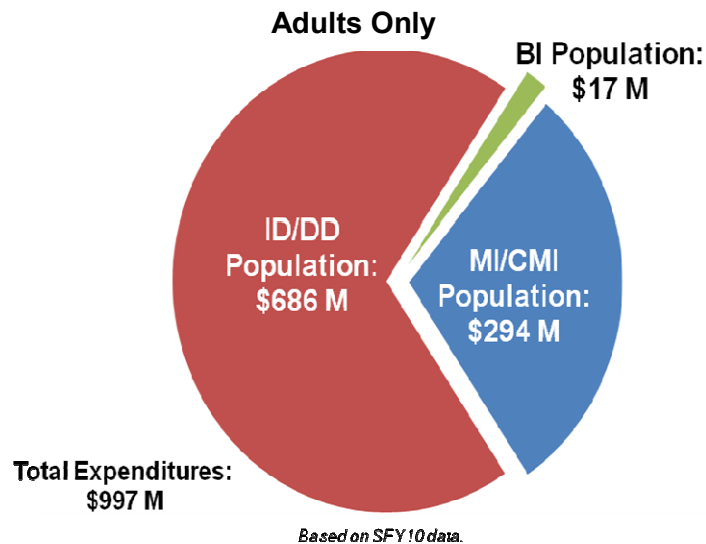
Local County property tax:

- Property tax limited to a maximum of \$124,406,065
 - Maximum levy was limited in FY 1996 to \$125.8 million
 - Maximum levy was further limited in FY 2010 to \$124.4 million due to the Replacement Generation Tax
 - Current levy is \$119,470,718

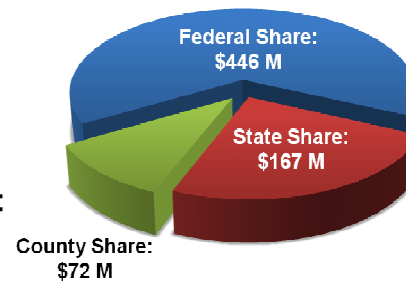
Characteristics of the MHDS System:

- Most MHDS expenditures are for persons with intellectual disabilities and most of those are Medicaid funded
- The Federal and state government fund the majority of MHDS services
- Medicaid services are entitlements, so those expenditures must be paid first
- What remains is used for non-Medicaid services (e.g., housing, vocational and transportation) and non-Medicaid populations (primarily persons with a mental illness) and administration

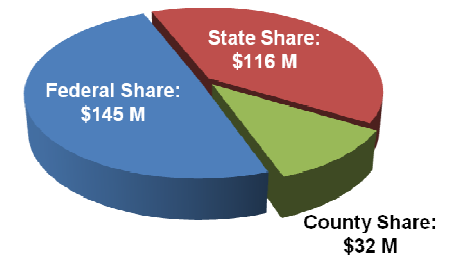
Expenditures by Population



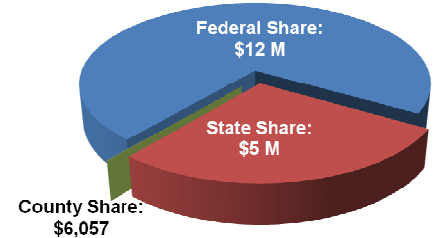
ID/DD POPULATION



MI/CMI POPULATION



BI POPULATION



Funding Responsibilities

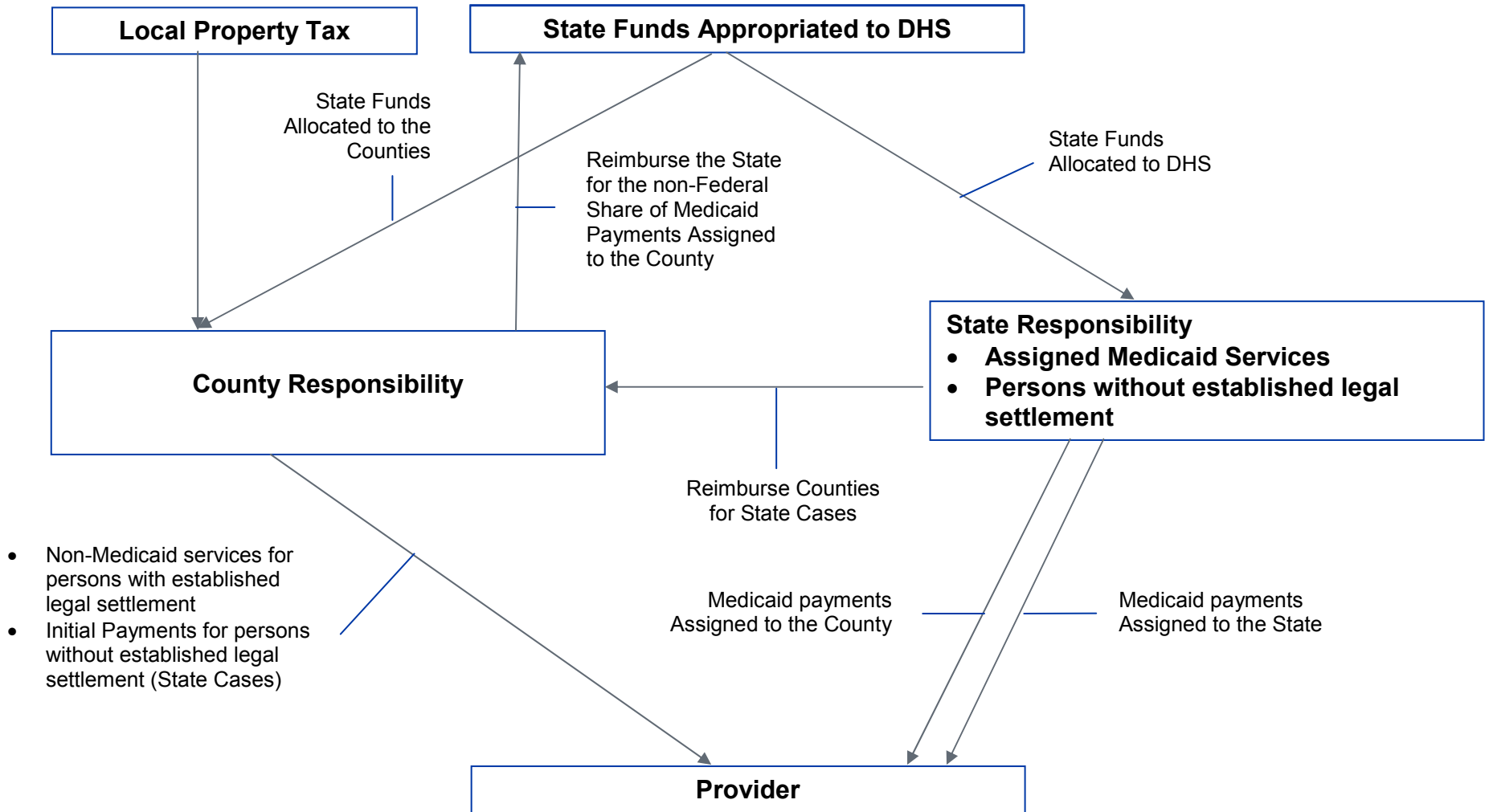
The Counties are responsible for the costs of:

- State Mandates
 - Involuntary commitment services for adults and children: Evaluations, hospital costs, transportation, attorney's fees, and advocate costs
- The non-Federal share of Medicaid for adults with established legal settlement including:
 - Intermediate Care Facilities for Persons with Mental Retardation including a capped per diem for the two State Resource Centers
 - Home and Community Based Services Waiver for Persons with an Intellectual Disability (ID)
 - Habilitation Services
 - Nursing Facilities for Adults with a Mental Illness
 - Targeted Case Management – ½ of the non-Federal share for ID adults
- Non-Medicaid Services for persons with established legal settlement described in the county's plan

DHS is responsible for the cost of:

- The non-Federal share of Medicaid for:
 - Mental health services
 - Children with an SED Waiver
 - Ill and Handicapped Waiver
 - Brain Injury and Physical Disability Waiver Services
 - Targeted Case Management for persons with chronic mental illness
 - Targeted Case Management - ½ the non-Federal share for ID adults
 - All services to persons without legal settlement
- Reimbursement to the counties for the non-Medicaid costs of serving persons without established legal settlement

FUNDING FLOW



MHDS EXPENDITURE FORECAST

Medicaid services are entitlements and must be paid first. What remains is what can be used for non-Medicaid services. As Medicaid expenditures rise, non-Medicaid funding shrinks. Based on information available last session, DHS forecasted a \$56 million gap in FY 2013 non-Medicaid funding compared with the forecasted FY 2012 amount.

GOVERNOR'S BUDGET RECOMMENDATION

Governor's Budget Recommendation (GBR): Includes enhancements to begin Mental Health and Disabilities Services (MHDS) Redesign in FY 2013, a year sooner than envisioned in SF 525. The GBR includes the following funding sources:

• State General Funds	\$17,750,00
• The State Balancing Incentive Payments Program	\$11,250,00
• Magellan Claims Recovery	\$1,000,000
TOTAL	<u><u>\$30,000,00</u></u>

The GBR uses these funds for the following:

• A "buy-down" of the county's share of non-federal Medicaid funds	\$26,100,000 ¹
• Technical assistance for the newly forming Regions from one time funds from CHIP contingency funds - \$500,000	
• Cost of Health Homes for children out of state children (Matched 90/10 by Federal Medicaid)	\$500,000
• Standardized assessments	\$3,000,000
• Added DHS Staff (3 – 4 salaries plus benefits) and other Administrative costs	\$400,000
TOTAL	<u><u>\$30,000,000</u></u>

1. The GBR would relieve the counties of all responsibility for Medicaid except for about 12% of the non-Federal share of ICFs/MR and the non-Federal share for the State Resource Centers.

The GBR reduces the \$56 million gap for non-Medicaid services to \$30 million.

The counties recently reported their actual FY 2011 year end expenditures. In aggregate the counties' FY 2011 year end fund balances were \$20 million more than forecasted last year. This will further reduce the now \$30 million gap for non-Medicaid funding. However the exact amount of reduction is not yet known: the Department is currently analyzing the counties FY 2011 balances and the counties January reports to more accurately identify the remaining gap.

MHDS REDESIGN

The following is a summary of the DHS Redesign modified to reflect the Governor's Budget Recommendation. This modified plan completes the Medicaid "buy-out" in FY 2014. The new critical core services are phased-in more slowly so the fiscal impact in any one fiscal year is more manageable.

Amounts in Millions								
	Projected FY 2012	With No Changes FY 2013	Dec 9 th Plan FY 2013	GBR FY 2013	FY 2014	Revised Phase-In		
						FY 2015	FY 2016	FY 2017
Medicaid Expenditures	\$217	\$231	\$231	\$231	\$238	\$245	\$253	\$261
Non-Medicaid Expenditures	\$144	\$88	\$135	\$114	\$139	\$143	\$147	\$152
Total	\$361	\$319	\$366	\$345	\$377	\$388	\$400	\$413
Cost of Phased-In Critical Core Services			\$5	\$4	\$13	\$47	\$60	\$66
Other Funding Sources			-\$10	-\$12	-\$21	-\$27	-\$27	-\$27
TOTAL	\$361	\$319	\$361	\$337	\$369	\$408	\$433	\$452
Net Increase from FY 2013 Approved			\$42	\$18	\$50	\$89	\$114	\$133
Year to Year Increase					\$32	\$39	\$25	\$19

Other funding sources are: The State Balancing Incentive Payments Program, Magellan Claims Recovery and in FY 2014 the Affordable Care Act