

Response to MH/DS Redesign Draft Legislation
A Joint Policy Statement of the Iowa State Association of County Supervisors, Iowa County
Community Services Association, and the Iowa State Association of Counties
February 9, 2012

The legislative changes being proposed to the county-managed MH/DS service system will potentially have a greater impact on county operations than any legislation adopted in over a decade. ISAC convened a representative group of supervisors and CPCs to identify the items in the draft legislation that seem workable and those that are problematic. The goal of the meeting was to develop a position on redesign that outlines what counties support and what we oppose. The following positions were developed during this joint meeting of the executive committees of the Iowa State Association of County Supervisors (ISACS) and the Iowa County Community Services Association (CSA) along with the Iowa State Association of Counties (ISAC) representatives on the MH/DS Commission.

The draft legislation seeks to change the system currently managed by the counties (adult mental health and developmental disabilities services) to a regional management system. ISAC believes that county managed services are best for consumers of those services and are provided at an efficient cost to the taxpayers. But, if legislation does mandate the establishment of regions, ISAC shall assist in the development a regional service system, as long as it allows for local determination and is supported by a workable financing strategy.

1. **Regions.** The legislation should leave much of the detail regarding the regional governance to the regional governing body to determine. Whether the region is governed by a 28E agreement, hires a regional administrator, or functions on a one county, one vote basis should be left to the regional governing body to decide. The level of administrative expense should be determined by the regional governing body. The state might make a recommendation based on best practices, but the actual level should be locally determined. The regions should be self-determined, with the advice and consent of the MH/DS Commission, based on the service requirements set by the state in a statewide plan. The specifics included in the draft legislation (minimum of three counties and population parameters of 200,000 to 700,000) should be left to the regions to decide.
2. **Effective Dates Must Be Moved Back.** The development of regions will take some time. It would be much more realistic to set the date for counties to be organized into regions by no later than July 1, 2014, with full implementation of the service management system by no later than July 1, 2015. Incentives to move ahead sooner could be provided by the Legislature.

The initiation of a new assessment process must be integrated into the development and financing of the regions, rather than implemented separately on July 1, 2012. Additionally, an evaluation of the cost of the proposed assessment process should be undertaken. This evaluation should include both the purchase of the rights to the assessments and the manpower costs of using the assessments. If there is no additional funding for services for persons with brain injury, it would be an inefficient use of resources to implement assessments for this population when there is no funding for the service.

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- 3. Financing Strategy.** As a first step, the property tax levy authority for Fund 10 must be reinstated. Neither the Department of Human Services (DHS) proposal on financing, nor the financing language included in the draft bill, provides adequate funding to the regions. The strategy in the draft bill is the same as the current system where the MH/DS Commission provides input to the Governor. Without being incorporated into the DHS budget, it is unlikely their recommendations will be funded by the Legislature, just as in the past. As yet, there has been no discussion of the inequities in the current funding system. The property tax funding that is available is not available for providing services to persons who do not have legal settlement in any particular county. This can be adjusted by shifting from legal settlement to residency as the basis for providing funding for services, but this does not address the issue of the majority of the funding being attached to a specific county.

By the time the redesign is implemented every county will be using the Community Services Network (CSN). CSN can determine the actual costs per code and per county and per diagnostic criteria. This will serve as the basis for determining case rates for disability types based on levels of need. The state allocates funding to regions based on the case rates per consumer residing in the region on a regular (monthly or quarterly) basis throughout the year. The amount of funding from the state should be the amount necessary to fund the case rates, minus the property tax funding available. This would provide equity of access through a funding formula that links state and federal dollars to actual enrolled consumers; based upon each consumer's disability and level of functioning. In addition, the state should develop a five year plan to provide the funding to equalize the property tax burden across counties.

- 4. Replace Legal Settlement as the Basis for Funding Services with Residency.** Whether regions are developed or the system of county management remains, ISAC supports replacing the system of funding services based on legal settlement with the funding of services based on an individual's county or region of residency. There are ways to do this incrementally if the funding cannot be found initially. For example, funding for all new consumers could be based on residency, or services for persons with mental illness (the population that is most mobile), could be the first to transition. The revision of the funding formula and the existence of the Risk Pool should take into account that border and service-rich counties may be responsible for more growth in the system as time goes on. Border counties are currently protected from the increased costs of individuals moving into the state for services by the state payment program. The shift from legal settlement to residency will eliminate the state case status as it has operated for the past decades. In addition, providers such as hospitals will need to understand that people who do not live in Iowa will not be covered by the state or by the regions.
- 5. Statewide Service Plan.** The state, in coordination with the counties, should develop a statewide service plan for the regions approved by the MH/DS Commission. The plan must be clear as to what services must be provided within the region versus those that must only be funded. The plan should include: diagnostic, income and resource

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eligibility requirements; outcomes and performance measures; and uniform cost reporting, rate setting and contracting standards. There should be consistent statewide level of care and service access criteria and protocols in order to provide consumers with fair, equitable and consistent access to services. The state should develop a plan to improve services in service poor areas and incentives for the regions to develop new service capacity. Any services provided by a region beyond those in the statewide plan must be approved by the MH/DS Commission.

6. **Management Information System Funding.** Counties have made a significant investment in a management information system, CSN. CSN provides continuity and common business practices for local administration and management of MH/DS funding of community based services through a shared back office operations infrastructure. CSN currently provides and can continue to provide to the regions: client service management; central provider service rate maintenance; financial accountability; and reporting connectivity. CSN was built to rely upon the use of a county payment structure for the ultimate payment of claims. Retrofitting this claims processing system to the regions will require additional access to a shared accounting process (i.e., centralized claims processing) to adequately support financial accountability.
7. **TA for Regional Development and Support.** If regions have been established, counties will need technical assistance in developing workable management and financial systems that will conform to the dynamics of each region. Additionally, counties will require on-going support to assist them in the work on process improvement. The draft legislation suggests technical assistance and support of this process be provided by DHS. Counties have a long history of working together through their statewide affiliates and ISAC. The responsibility for providing, and an appropriation for funding, technical assistance should be directed toward ISAC, rather than DHS.