

CHAPTER 205

APPROPRIATIONS – HUMAN SERVICES

S.F. 462

AN ACT relating to appropriations for the department of human services and the prevention of disabilities policy council and including other provisions and appropriations involving human services and health care and providing for effective and applicability dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **FAMILY INVESTMENT PROGRAM.** There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For assistance under the family investment program under chapter 239:

..... \$ 32,820,032

1. The department shall continue the special needs program under the family investment program.

2. Notwithstanding section 239.6, the department is not required to reconsider eligibility of family investment program recipients every six months if a federal waiver is granted.

3. The department may adopt administrative rules for the family investment, food stamp, and medical assistance programs to change or delete welfare reform initiatives that threaten the integrity or continuation of the program or that are not cost-effective. Prior to the adoption of rules, the department shall consult with the welfare reform council, members of the public involved in development of the policy established in the 1993 session of the Seventy-fifth General Assembly, and the chairpersons and ranking members of the human resources committees of the senate and the house of representatives.

4. The department shall consolidate the individual planning and agreement provisions of the family investment program and the family development and self-sufficiency grant program to ensure service coordination by providing that if a recipient is participating in the grant program, the recipient's family investment agreement shall be developed or revised in consultation with the family development and self-sufficiency grant program worker.

5. The department shall research the feasibility of establishing a program of developing community-based residential facilities or "second chance homes" for young mothers and children. The research shall consider potential benefits of second chance homes including the potential effects of deterring child abuse by use of the homes. The research is subject to all of the following provisions:

a. The department shall consider developing the home in a manner to provide supervision by mature adult couples. The program should coordinate comprehensive services for pregnant or parenting teens, including but not limited to educational services, vocational services, personal and family counseling, parent education classes, and assistance in developing independent living and homemaking skills.

b. The department shall consider various options for designing second chance homes so that the homes will not necessarily be government-operated institutions. The options considered shall include operation by churches and community groups with state guidance through administrative rules. If the program is implemented, administrative rules will delineate how the homes will be structured and specify the combination of support, services, and participant obligations to help teenage mothers to become good mothers, finish school, and gain adequate skills to support their children.

c. The department shall consider a design which provides incentive grants to communities that pledge private funding and in-kind services equal to at least one-half of the cost of operating a second chance home. In addition, operating expenses could be supported in

part by participants' welfare payments, food stamps, housing assistance, and other forms of public assistance for which participants are eligible, as well as a commitment from communities.

d. The department shall submit a report to the general assembly on or before January 8, 1996, concerning the research conducted pursuant to this subsection.

Sec. 2. EMERGENCY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For emergency assistance to families with dependent children for homeless prevention programs:

..... \$ 1,767,500

1. The emergency assistance provided for in this section shall be available beginning October 1 of the fiscal year and shall be provided only if all other publicly funded resources have been exhausted. Specifically, emergency assistance is the program of last resort and shall not supplant assistance provided by the low-income home energy assistance program (LIHEAP), county general relief, and veterans affairs programs. The department shall establish a \$500 maximum payment, per family, in a twelve-month period. The emergency assistance includes, but is not limited to, assisting people who face eviction, potential eviction, or foreclosure, utility shutoff or fuel shortage, loss of heating energy supply or equipment, homelessness, utility or rental deposits, or other specified crisis which threatens family or living arrangements. The emergency assistance shall be available to migrant families who would otherwise meet eligibility criteria. The department may contract for the administration and delivery of the program. The program shall be terminated when funds are exhausted.

2. For the fiscal year beginning July 1, 1995, the department shall establish a process for the state to receive refunds of rent deposits for emergency assistance recipients which were paid by persons other than the state. The refunds received by the department under this subsection shall be deposited with the moneys of the appropriation made in this section and used as additional funds for the emergency assistance program. Notwithstanding section 8.33, moneys received by the department under this subsection which remain after the emergency assistance program is terminated and state moneys in the emergency assistance account which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for expenditure when the program resumes operation on October 1 in the succeeding fiscal year.

Sec. 3. MEDICAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For medical assistance, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary:

..... \$ 351,496,521

1. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within 45 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within 150 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled.

2. Notwithstanding section 8.39, the department may transfer funds appropriated in this section to a separate account established in the department's case management unit for expenditures required to provide case management services for mental health, mental retardation, and developmental disabilities services under medical assistance which are jointly funded by the state and county, pending final settlement of the expenditures. Funds received by the case management unit in settlement of the expenditures shall be used to replace the transferred funds and are available for the purposes for which the funds were appropriated in this section.

3. If a medical assistance recipient is more than 17 years of age and is receiving care which is reimbursed under a federally approved home and community-based services waiver but would otherwise be approved for care in an intermediate care facility for the mentally retarded, the recipient's county of legal settlement shall reimburse the department on a monthly basis for the portion of the recipient's cost of care which is not paid from federal funds.

4. a. The county of legal settlement shall be billed for 50 percent of the nonfederal share of the cost of case management provided for adults, day treatment, and partial hospitalization in accordance with sections 249A.26 and 249A.27, and 100 percent of the nonfederal share of the cost of care for adults which is reimbursed under a federally approved home and community-based waiver that would otherwise be approved for provision in an intermediate care facility for the mentally retarded, provided under the medical assistance program. The state shall have responsibility for the remaining 50 percent of the nonfederal share of the cost of case management provided for adults, day treatment, and partial hospitalization. For persons without a county of legal settlement, the state shall have responsibility for 100 percent of the nonfederal share of the cost of case management provided for adults, day treatment, partial hospitalization, and the home and community-based waiver services. The case management services specified in this subsection shall be billed to a county only if the services are provided outside of a managed care contract. The department may adopt emergency rules to implement the provisions of this subsection.

b. The state shall pay the entire nonfederal share of the costs for case management services provided to persons 17 years of age and younger who are served in a medical assistance home and community-based waiver program for persons with mental retardation.

c. Medical assistance funding for case management services for eligible persons 17 years of age and younger shall also be provided to persons residing in counties with child welfare decategorization projects implemented in accordance with section 232.188, provided these projects have included these persons in their service plan and the decategorization project county is willing to provide the nonfederal share of costs.

d. The state shall pay the entire nonfederal share of intermediate care facilities for the mentally retarded (ICFMR) costs for eligible persons 17 years of age and younger.

e. When paying the necessary and legal expenses of intermediate care facilities for the mentally retarded (ICFMR), the cost payment requirements of section 222.60 shall be considered fulfilled when payment is made in accordance with the medical assistance payment rates established for ICFMRs by the department and the state or a county of legal settlement is not obligated for any amount in excess of the rates.

5. The department may adopt and implement administrative rules regarding a prepaid mental health services plan for medical assistance patients. The rules shall include but not be limited to service provider standards, service reimbursement, and funding mechanisms. Notwithstanding the provisions of subsection 4, paragraph "a", of this section and section

249A.26, requiring counties to pay all or part of the nonfederal share of certain services provided to persons with disabilities under the medical assistance program, the state shall pay 100 percent of the nonfederal share of any services included in the plan implemented pursuant to this subsection.

6. The department shall utilize not more than \$60,000 of the funds appropriated in this section to continue the AIDS/HIV health insurance premium payment program as established in 1992 Iowa Acts, Second Extraordinary Session, Chapter 1001, section 409, subsection 6. Of the funds allocated in this subsection, not more than \$10,000 may be expended for administrative purposes.

7. Contingent upon federal approval of a waiver, the department shall adopt administrative rules to establish the requirements for the alternative nursing home pilot project.

8. The department of human services shall use not more than \$47,368 to employ not more than 2 FTEs to develop and implement a medical assistance home and community-based waiver for persons with brain injury who currently reside in a medical institution and who have been residents of a medical institution for a minimum of thirty days.

9. Of the funds appropriated to the Iowa department of health for substance abuse grants, \$950,000 for the fiscal year beginning July 1, 1995, shall be transferred to the department of human services to implement an integrated substance abuse managed care system. The department of human services in conjunction with the Iowa department of health and other appropriate state agencies may adopt and implement emergency rules to establish a prepaid substance abuse treatment plan for medical assistance recipients. The rules shall include but are not limited to defining the structure of the program, establishing the scope of services to be provided in the program, including, but not limited to, establishing client eligibility for prepaid substance abuse treatment services, establishing the basis and the rate of reimbursement for the program, defining the expected outcome measures of the program, and defining a client appeals process. However, nothing in the rules shall condition provider eligibility to render services under this program upon the scope of services rendered by a provider or upon provider licensure, certification, or corporate structure. The department of human services and the Iowa department of public health shall evaluate methods for inclusion of court-ordered detoxification services in the substance abuse managed care program and shall provide recommendations regarding inclusion of the services in the program to the general assembly on or before December 1, 1995. The department of human services shall submit a report on a quarterly basis to the general assembly during the months in which the general assembly is in session and to the fiscal committee of the legislative council during the months in which the general assembly is not in session, describing the progress and activities of the integrated substance abuse managed care program.

10. a. Beginning September 1, 1995, the department may require prior authorization for any brand name prescription drug which has an "A" rated generic bioequivalent as determined by the federal food and drug administration and which is recommended for prior authorization by the drug utilization review commission. The department shall establish an educational program through the drug utilization review commission to review and encourage the use of these "A" rated generic equivalents within the medical assistance program. The department shall adopt administrative rules to implement the prior authorization provisions of this paragraph. The department shall not expand the requirement of prior authorization for drugs other than the "A" rated generic bioequivalents authorized under this paragraph, without prior approval of the general assembly for such expansion. Beginning January 1, 1996, prior authorization shall not be required for clozapine. The department shall consider expert medical opinion in revising administrative rules applicable to clozapine.

b. The department shall amend the contract with the department's fiscal agent regarding prior authorization of prescription drugs to provide for review by the fiscal agent of inquiries for prior authorization during pharmacy business hours, evenings, Saturdays

and during pharmacy peak business hours on Sundays, and shall consider providing for review by the fiscal agent of inquiries on a seven-day-per-week, 24-hour-per-day basis.

c. (1) The department of human services shall conduct a study of the prior authorization program based upon the program data collected during fiscal year 1994-1995, including a review of a sampling of specific drugs for which prior authorization is required. The study shall be completed by October 1, 1995, and a report of the findings of the study shall be submitted to the chairpersons and ranking members of the senate and house appropriations committees, to the chairpersons and ranking members of the joint human services appropriations committee, and to the legislative fiscal bureau. The study shall address and include information and recommendations regarding all of the following:

(a) A comparison of the costs associated with the prescribing of generic drugs rather than brand name drugs, taking into consideration any rebates or other cost reductions associated with the use of brand name drugs.

(b) A review of the time associated with the prior authorization process including telephone communications between providers and the department's prior authorization fiscal agent and with delays for either party. The review shall include an analysis of the average time associated with each inquiry by classification of drug.

(c) A review of the number of denials of authorization by classification of drug by the fiscal agent and the rationale for the denials.

(d) A review of the actual and projected cost savings and workability of the prior authorization program.

(e) A review of the services provided by the fiscal agent including a comparison of the services of the fiscal agent with private pay insurers in providing a similar service, and an evaluation of the current availability of the fiscal agent and any improvements to the program which might result from increased availability.

(f) A review of the volume of inquiries for prior authorization during a weekly period including an analysis of the days and times of peak volume as compared with the availability of the fiscal agent for responding to inquiries.

(g) An analysis of the time which elapses between the submission of a bill to the department for reimbursement and actual reimbursement.

(2) Following receipt of the report from the department, the legislative fiscal bureau shall review the study. The review shall include all of the following:

(a) An evaluation of the cost and savings methodology utilized by the department, including an analysis of whether all governmental costs and savings were included or adequately addressed in the savings methodology used during fiscal year 1994-1995. If the legislative fiscal bureau determines that the cost and savings methodology utilized by the department or the fiscal agent did not include or adequately address all governmental costs, the legislative fiscal bureau shall provide recommendations to the general assembly to improve the cost and savings methodology for future application.

(b) An individualized assessment of the prior authorization program based on a random sample of not more than 50 individual prior authorization actions, of which one-half shall be approval actions and one-half shall be denial actions. The random sample shall be provided by the department to the legislative fiscal bureau based upon a random sampling methodology submitted by the legislative fiscal bureau. All data deemed necessary by the legislative fiscal bureau to conduct the assessment shall be provided by the department including but not limited to the date and time of the prior authorization contact between the fiscal agent and the provider; the name, address, and telephone number of the provider; and the classification of the drug for which prior authorization was sought. If the action was an approval action, the department shall provide a statement of the actual cost associated with the substituted drug and the cost associated with the alternative drug. If the action was a denial action, the department shall provide the rationale for the denial.

d. The department of human services shall, when it is economically beneficial, implement maximum allowable costs for multiple source drugs in accordance with federal guidelines.

e. The department shall develop a plan to administratively pursue reimbursement for pharmacy services for which a recipient of medical assistance also has third-party coverage. The department shall develop the plan in cooperation with the insurance division of the department of commerce and with representatives of the Iowa pharmacists association. The department shall submit the plan to the general assembly on or before January 1, 1996*, and shall implement the plan on or before May 1, 1996. The department shall also include a preliminary estimate of the costs of administratively pursuing reimbursement for pharmacy services in the budget submitted to the council of human services for fiscal year 1996-1997.*

11. The department shall develop strategies to address administrative and provider concerns associated with discretionary medical assistance provided to individuals and families pursuant to section 249A.3, subsection 4, and the provisions relating to the expenditure of income to a level which qualifies the individual or family as eligible for participation in the medical assistance program. The department shall submit a report regarding the strategies developed to the general assembly on or before November 30, 1995.

12. The department may seek qualification of supervised community treatment for children under the medical assistance program.

13. The department shall amend the department's current home and community-based waivers under medical assistance to include "consumer directed attendant care" as allowed by federal regulation. The department shall also develop and implement a new home and community-based waiver for persons with physical disabilities as a means to further develop the personal assistance services program under section 225C.46. The waiver shall not be implemented in a manner which would require additional county or state costs for assistance provided to an individual served under the waiver. A waiver amended, developed, or implemented pursuant to this subsection shall be consistent with the provisions of the appropriation in this Act for a personal assistance services pilot project and the provisions of chapter 255C** relating to personal assistance services.

*14. The department of human services shall seek federal approval on or before August 1, 1995, for the implementation of a pilot program to allow medical assistance program reimbursement for payment of services provided by persons who provide a home and services to a total of seventy-five persons who currently reside in nursing homes. The department, in cooperation with the department of elder affairs, shall develop a program which will result in a cost savings to the state or in cost neutrality, and shall develop parameters for the program which shall include but are not limited to all of the following:

a. A maximum income eligibility level, established by the department, which applies to persons providing a home and services and seeking reimbursement through the medical assistance program.

b. An evaluative component which enables the department to measure the financial and quality of life aspects of the pilot program in comparison with placement of a person in a nursing home.

c. A maximum reimbursement rate of \$15,000, annually, for housing and services provided by the home provider under the pilot program.

d. Any other criteria necessary to implement the pilot program including but not limited to implementation in a manner which targets current nursing home residents in both rural and urban areas of the state.*

15. The department of human services shall consult with the department of inspections and appeals, the Iowa state association of counties, and the Iowa association of rehabilitation and residential facilities in adopting administrative rules identifying optimum staffing ratios for intermediate care facilities for the mentally retarded (ICFMR). The administrative rules shall be implemented on or before January 1, 1996.

Sec. 4. MEDICAL CONTRACTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

*Item veto; see message at end of the Act

**See Chapter 209, §29 herein

For medical contracts:

..... \$ 6,226,400

1. The department shall continue to contract for drug utilization review under the medical assistance program.

2. The department may use not more than \$22,500 of the funds appropriated in this section for contracting for the rebasing-recalibration of the ambulatory patient grouping system.

3. The department may use not more than \$75,000 of the funds appropriated in this section for the independent evaluation of the prepaid mental health services plan. The department shall submit a report on a quarterly basis to the general assembly during the months in which the general assembly is in session and to the fiscal committee of the legislative council during the months in which the general assembly is not in session, describing the progress and activities of the prepaid mental health services plan.

Sec. 5. STATE SUPPLEMENTARY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For state supplementary assistance:

..... \$ 19,115,000

1. The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security income and federal social security benefits are increased due to a recognized increase in the cost of living. The department may adopt emergency rules to implement this subsection.

2. a. If during the fiscal year beginning July 1, 1995, the department projects that state supplementary assistance expenditures for a calendar year will not meet the federal pass-along requirement specified in Title XVI of the federal Social Security Act, section 1618, as codified in 42 U.S.C. § 1382g, the department may take actions including but not limited to increasing the personal needs allowance for residential care facility residents and making programmatic adjustments or upward adjustments of the residential care facility or in-home health-related care reimbursement rates prescribed in this Act to ensure that federal requirements are met. The department may adopt emergency rules to implement the provisions of this subsection.

b. If during the fiscal year beginning July 1, 1995, the department projects that state supplementary assistance expenditures will exceed the amount appropriated, the department may transfer funds appropriated in this Act for medical assistance for the purposes of the state supplementary assistance program. However, funds shall only be transferred from the medical assistance appropriation if the funds transferred are projected to be in excess of the funds necessary for the medical assistance program.

Sec. 6. CHILD DAY CARE ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For protective child day care assistance and state child care assistance:

..... \$ 7,740,000

1. Of the funds appropriated in this section, \$2,496,286 shall be used for protective child day care assistance.

2. Of the funds appropriated in this section, \$2,895,934 shall be used for state child care assistance.

3. Based upon the availability of the funding provided in subsection 2 the department shall establish waiting lists for state child care assistance in descending order of prioritization as follows:

a. Families who are at or below 100 percent of the federal poverty level and are employed at least 30 hours a week.

b. Parents under the age of 21 who are employed full-time or part-time or who are participating in an approved training program or who are enrolled in an education program.

c. Families who are at or below 155 percent of the federal poverty level who have a special needs child.

d. Families who are at or below 100 percent of the federal poverty level who are employed part-time at least 20 hours per week.

4. a. For state child care assistance, eligibility shall be limited to children whose family income is equal to or less than 100 percent of the United States office of management and budget poverty guidelines. However, on or after October 1, 1995, the department may increase the income eligibility limit to be equal to or less than 75 percent of the Iowa median family income.

b. Migrant seasonal farm worker families whose family income is equal to or less than 100 percent of the United States office of management and budget poverty guidelines are eligible for state child care assistance. The monthly family income shall be determined by calculating the total amount of family income earned during the 12-month period preceding the date of application for the assistance and dividing the total amount by 12. The department may adopt emergency rules to implement the provisions of this lettered paragraph. For purposes of eligibility for state child care assistance, a migrant seasonal farm worker is an individual to which all of the following conditions apply:

(1) The worker performs seasonal agricultural work which requires travel so that the worker is unable to return to the worker's permanent residence within the same day.

(2) Most of the worker's income is derived from seasonal agricultural work performed during the months of July through October.

(3) The worker generally performs seasonal agricultural work in this state during the months of July through October.

c. The department may adopt administrative rules to comply with the federal child care development block grant and federal at-risk child care program; to streamline the existing day care program; and to deliver the services within state and federal funds appropriated.

d. Nothing in this section shall be construed or is intended as, or shall imply, a grant of entitlement for services to persons who are eligible for assistance due to an income level consistent with the requirements of this section. Any state obligation to provide services pursuant to this section is limited to the extent of the funds appropriated in this section.

5. The department shall develop, in cooperation with child day care resource and referral services and with the state child day care advisory council, incentives to encourage the registration of child day care providers and shall report the recommendations developed to the chairpersons and the ranking members of the joint appropriations subcommittee on human services on or before January 1, 1996.

6. Of the funds appropriated in this section, \$636,641 is allocated for the statewide program for child day care resource and referral services under section 237A.26.

7. The department may use any of the funds appropriated in this section as a match to obtain federal funds for use in expanding child day care assistance and related programs.

8. Of the funds appropriated in this section, \$1,676,139 shall be used for transitional child care assistance.

9. During the 1995-1996 fiscal year, the department shall utilize the moneys deposited in the child day care credit fund created in section 237A.28 for state child care assistance, in addition to the moneys appropriated for that purpose in this section.

10. Of the funds appropriated in this section, \$35,000 is allocated for use by the united Mexican-American center in Des Moines for the center's child day care program.

Sec. 7. JOBS PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the federal-state job opportunities and basic skills (JOBS) program, food stamp employment and training program, family development and self-sufficiency grants, entrepreneurial training, and implementing family investment agreements, in accordance with this section:

..... \$ 11,935,189

1. Of the funds appropriated in this section, \$11,025,889 is allocated for the JOBS program.

2. The department shall continue to contract for services in developing, delivering, and monitoring an entrepreneurial training waiver program to provide technical assistance in self-employment training to families which receive assistance under the family investment program, contingent upon federal approval of waiver renewal requests.

3. Of the funds appropriated in this section, \$129,985 is allocated for the food stamp employment and training program.

4. Of the funds appropriated in this section, \$779,315 is allocated to the family development and self-sufficiency grant program as provided under section 217.12.

a. Not more than 5 percent of the funds allocated in this subsection shall be used for the administration of the grant program.

b. Federal funding matched by state, county, or other funding which is not appropriated in this section shall be deposited in the department's JOBS account. If the match funding is generated by a family development and self-sufficiency grantee, the federal funding received shall be used to expand the family development and self-sufficiency grant program. If the match funding is generated by another source, the federal funding received shall be used to expand the grant program or the JOBS program. The department may adopt emergency rules to implement the provisions of this paragraph.

c. Based upon the annual evaluation report concerning each grantee funded by this allocation, the family development and self-sufficiency council may use funds allocated to renew grants.

Sec. 8. CHILD SUPPORT RECOVERY. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child support recovery, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

..... \$ 6,390,000

..... FTEs 226.22

1. The director of human services, within the limitations of the funds appropriated in this section, or funds transferred from the family investment program for this purpose, shall establish new positions and add employees to the child support recovery unit if the director determines that both the current and additional employees together can reasonably be expected to maintain or increase net state revenue at or beyond the budgeted level. If the director adds employees, the department shall demonstrate the cost-effectiveness of the current and additional employees by reporting to the joint appropriations subcommittee on human services the ratio of the total amount of administrative costs for child support recoveries to the total amount of the child support recovered.

2. Nonpublic assistance application and user fees received by the child support recovery program are appropriated and shall be used for the purposes of the child support recovery program. The director of human services may add positions if fees collected relating to the new positions are sufficient to pay the salaries and support for the positions. The director shall report any positions added pursuant to this subsection to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

3. The director of human services, in consultation with the department of management and the legislative fiscal committee, is authorized to receive and deposit state child support incentive earnings in the manner specified under applicable federal requirements.

4. The director of human services may establish new positions and add state employees to the child support recovery unit if the director determines the employees are necessary to replace county-funded positions eliminated due to termination, reduction, or nonrenewal of a chapter 28E contract. However, the director must also determine that the resulting increase in the state share of child support recovery incentives exceeds the cost of the positions, the positions are necessary to ensure continued federal funding of the program, or the new positions can reasonably be expected to recover more than twice the amount of money to pay the salaries and support for the new positions.

5. The child support recovery unit shall continue to work with the judicial department to determine the feasibility of a pilot project utilizing a court-appointed referee for judicial determinations on child support matters. The extent and location of any pilot project shall be jointly developed by the judicial department and the child support recovery unit.

6. The department shall spend up to \$50,000, including federal financial participation, for the fiscal year beginning July 1, 1995, for continuation of the child support public awareness campaign. The department shall continue to cooperate with the office of the attorney general in continuation of the campaign.

7. The department shall continue the pilot program option to provide and supervise a community service pilot project for absent parents who are ordered by the court to perform community service for failure to pay child support pursuant to section 598.23A.

8. The director of human services may enter a contract with private collection agencies to collect support payments for cases which have been identified by the department as difficult collection cases if the department determines that this form of collection is more cost effective than departmental collection methods. The director may use a portion of the state share of funds collected through this means to pay the costs of any contracts authorized under this subsection.

9. The department shall employ at least one full-time equivalent position to respond to telephone inquiries during all weekly business hours.

Sec. 9. JUVENILE INSTITUTIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the operation of the state training school and the Iowa juvenile home, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

For the state juvenile institutions:
 \$ 13,480,000
 FTEs 320.77

1. The following amounts of the funds appropriated and full-time equivalent positions authorized in this section are allocated for the Iowa juvenile home at Toledo:

..... \$ 4,980,000
 FTEs 118.54

2. The following amounts of the funds appropriated and full-time equivalent positions authorized in this section are allocated for the state training school at Eldora:

..... \$ 8,500,000
 FTEs 202.23

3. During the fiscal year beginning July 1, 1995, the population levels at the state juvenile institutions shall not exceed the population guidelines established under 1990 Iowa Acts, chapter 1239, section 21.

4. Each state juvenile institution shall apply for adolescent pregnancy prevention grants for the fiscal year beginning July 1, 1995.

5. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

Sec. 10. CHILD AND FAMILY SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For child and family services:

..... \$ 83,380,000

1. The department may transfer moneys appropriated in this section as necessary to pay the nonfederal costs of services reimbursed under medical assistance or the family investment program which are provided to children who would otherwise receive services paid under the appropriation in this section. The department may transfer funds appropriated in this section to the appropriations in this Act for general administration and for field operations for resources necessary to implement and operate the services funded in this section.

2. a. Of the funds appropriated in this section, up to \$20,937,703 is allocated for group foster care maintenance and services. For the fiscal year beginning July 1, 1995, the statewide target, as provided in section 232.143, for the daily average number of children placed in group foster care services which are a charge upon or paid for by the state shall be 1,220. Notwithstanding the statewide target established in this subsection and sections 232.52, 232.102, 232.117, 232.127, and 232.182, a target established in a region's group foster care plan developed pursuant to section 232.143 may be exceeded, a group foster care placement may be ordered, and state payment may be made if a clinical assessment and consultation team finds that the placement is necessary to meet the child's needs. The department and the courts shall work together to ensure that a region's group foster care expenditures shall not exceed the funds allocated to the region for group foster care placements in the 1995-1996 fiscal year. However, regions may transfer bed days between regions as necessary to meet group foster care needs. The department may adopt emergency rules to implement the provisions of this paragraph.

b. In each quarter of the fiscal year, the department shall compare the actual number of group foster care placements in a region and the targets allocated to the region for that quarter. The department shall develop a methodology to provide, within the funds allocated in this subsection, fiscal incentives to regions which have reduced the number or length of group foster care placements.

c. The department shall report quarterly to the legislative fiscal bureau concerning the status of each region's efforts to limit the number of group foster care placements in accordance with the regional plan established pursuant to section 232.143.

d. Notwithstanding the formula specified in section 232.143, subsection 1, the department and the judicial department shall develop a formula for allocating a portion of the statewide target to each of the department's regions based on factors determined by the department and the judicial department which may include but are not limited to historical usage of group foster care beds and indicators of need for group foster care placements. The formula shall be established by May 1, 1995. The department may adopt emergency rules to implement the provisions of this paragraph.

e. The department shall not certify any additional enhanced residential treatment beds, unless the director of human services approves the beds as necessary, based on the type of children to be served and the location of the enhanced residential treatment beds.

f. (1) Of the funds appropriated in this section, not more than \$6,439,398 is allocated as the state match funding for psychiatric medical institutions for children.

(2) Based upon the director's decision pursuant to 1994 Iowa Acts, chapter 1186, section 10, subsection 19, regarding the managed care approaches for determining service necessity for children served by psychiatric medical institutions for children (PMICs), the department may transfer all or a portion of the moneys appropriated in this section for PMICs to the appropriation in this Act for medical assistance and may amend the managed mental health care contract to include PMICs, and may increase the statewide target for group foster care placements in paragraph "a" of this subsection, accordingly. The department may adopt emergency rules to implement the provisions of this paragraph.

g. Of the funds allocated in this subsection, not more than \$995,764 is allocated as the state match funding for 50 highly structured juvenile program beds.

3. The department shall establish a goal that not more than 15 percent of the children placed in foster care funded under the federal Social Security Act, Title IV-E, may be placed in foster care for a period of more than 24 months.

4. In accordance with the provisions of section 232.188, the department shall continue the program to decategorize child welfare services in additional counties or clusters of counties.

5. Of the funds appropriated in this section, up to \$96,512 is allocated for continued foster care services to a child who is 18 years of age or older in accordance with the provisions of section 234.35, subsection 3, paragraph "c". However, if funding in this appropriation would remain unobligated at the end of the fiscal year, the allocation in this subsection may be exceeded to the extent necessary to provide the continued foster care services. The department shall distribute the moneys allocated in this subsection to the department's regions based on each region's proportion of the total number of children placed in foster care on March 31 preceding the beginning of the fiscal year, who, during the fiscal year would no longer be eligible for foster care due to age.

6. Notwithstanding section 232.142, subsection 3, the financial aid paid by the state for the establishment, improvements, operation, and maintenance of county or multicounty juvenile detention homes in the fiscal year beginning July 1, 1995, shall be limited to \$872,500. Funds allocated in this subsection shall be prorated among eligible detention homes.

7. The amount of the appropriation made in this section available for foster care is based upon expansion of the number of children in foster care who are eligible for federal supplemental security income (SSI). The department may use up to \$300,000 of those funds to enter into a performance-based contract to secure SSI benefits for children placed in foster care. The contract shall include provisions for training of department of human services and juvenile court staff, completion of applications, tracking of application results, and representation during the appeals process whenever an appeal is necessary to secure SSI benefits. Notwithstanding section 217.30 and section 232.2, subsection 11, and any other provision of law to the contrary, the director or the director's designee on behalf of a child in foster care may release medical, mental health, substance abuse, or any other information necessary only to determine the child's eligibility for SSI benefits, and may sign releases for the information. In any release of information made pursuant to this subsection, confidentiality shall be maintained to the maximum extent possible.

8. A portion of the funds appropriated in this section may be used for emergency family assistance to provide other resources required for a family participating in a family preservation or reunification project to stay together or to be reunified.

9. Notwithstanding section 234.35, subsection 1, for the fiscal year beginning July 1, 1995, state funding for shelter care paid pursuant to section 234.35, subsection 1, paragraph "h", shall be limited to \$3,383,736. The department may adopt emergency rules to implement the provisions of this subsection.

10. Of the funds appropriated in this section, not more than \$512,862 may be used to develop and maintain the state's implementation of the national adoption and foster care information system pursuant to the requirements of Pub. L. No. 99-509. The department may transfer funds as necessary from the appropriations in this Act for field operations and general administration to implement this subsection. Moneys allocated in accordance with this subsection shall be considered encumbered for the purposes of section 8.33.

**11. Of the funds appropriated in this section, \$1,000,000 is allocated for respite services to families of children with mental retardation or other developmental disabilities, who would otherwise enter or continue group care or foster family home placement. On or before January 4, 1996, the department shall review the use of the funding allocated in this subsection and project whether an amount of the funding will be unused by the close of the*

*fiscal year. If an amount is projected, the department shall transfer the projected amount to the appropriation in this Act for family support subsidy for use to provide assistance to additional families who would otherwise remain on the waiting list for that program. The department shall work with the Iowa governor's planning council for developmental disabilities, the arc of Iowa, the Iowa respite coalition, and the Iowa family support initiative to review use of the program funded in this section and develop recommendations for consideration in the 1996 legislative session. The recommendations shall address how much of the funding should be directed to families trying to keep their children with disabilities in the family home, potential administrative rule revisions to improve the program, and actions for the department to take to inform families about the program. The department may adopt administrative rules to implement the provisions of this subsection.**

12. Of the funds appropriated in this section, up to \$673,217 may be used as determined by the department for any of the following purposes:

- a. For general administration of the department to improve staff training efforts.
- b. For oversight of termination of parental rights and permanency planning efforts on a statewide basis.
- c. For personnel, assigned by the attorney general, to provide additional services relating to termination of parental rights and child in need of assistance cases.
- d. For specialized permanency planning field operations staff.

13. The department may adopt administrative rules to implement outcome-based child welfare services pilot projects. The rules may include, but are not limited to, the development of program descriptions, provider licensing and certification standards, reimbursement and payment amounts, contract requirements, assessment and service necessity requirements, eligibility criteria, claims submission procedures, and accountability standards.

14. Of the funds appropriated in this section, up to \$133,230 may be used to develop a performance-based monitoring program to evaluate and improve outcomes for children and families. The department may adopt administrative rules to implement this subsection.

15. The department may develop, within the funds available, a pilot kinship care project to enhance family involvement in the development of the permanency plan required under chapter 232 for children who are removed from their homes. The project components may include family involvement before and after removal of the child and shall stress safety for the child.

16. Within the funds appropriated in this section, the department may develop a subsidized guardianship program to provide financial assistance to guardians of children who have a permanency order under section 232.104, subsection 2, paragraph "d", subparagraph (1), in cases in which all of the following conditions exist:

- a. The option of reunification has been eliminated and termination of parental rights is not appropriate.
- b. The child has lived with the potential guardian for at least six months.
- c. The child is either 14 years of age or older or, if under 14 years of age, is part of a sibling group and cannot be made available for adoption.
- d. The placement does not require departmental supervision.

The financial assistance provided shall be in the same amount as provided for family foster care. For purposes of medical assistance and child support recovery, these payments shall be considered foster care payments.

17. Of the funds appropriated in this section, up to \$175,000 may be used to establish and maintain a truancy pilot initiative in the fifth judicial district which shall be directed to keeping targeted youth in school by providing noneducational supportive and therapy services both inside and outside the school setting. The department may adopt administrative rules to implement supportive and therapy services in the truancy pilot initiative. The rules may include, but are not limited to, the development of program descriptions, certification standards, reimbursement, contract requirements, and eligibility and accountability standards.

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18. The department, in cooperation with interested social service providers, shall study the feasibility of expanding existing confidentiality provisions to allow social service providers to form local teams to discuss provision of the most appropriate services in individual cases. The department shall submit a report of the findings of the study to the chairpersons and ranking members of the joint appropriations subcommittee on human services on or before January 1, 1996.

19. Notwithstanding section 234.39, if a child was removed from the child's home and placed in foster care during the fiscal year beginning July 1, 1994, based upon an allegation of child abuse that was subsequently determined to be unfounded, a support obligation shall not be established for the child's parent or guardian for the cost of the foster care.

20. The department shall continue to make adoption presubsidy and adoption subsidy payments to adoptive parents at the beginning of the month for the current month.

Sec. 11. COMMUNITY-BASED PROGRAMS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For community-based programs, on the condition that family planning services are funded, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	2,620,000
.....	FTEs	1.0

1. Of the funds appropriated in this section, \$754,000 shall be used for adolescent pregnancy prevention grants, including not more than \$156,048 for programs to prevent second or subsequent pregnancies during the adolescent years and to provide support services for pregnant or parenting adolescents. Rules adopted by the department may allow for revision of existing grant categories and the addition of grant categories which allow for the development and initiation of a statewide adolescent pregnancy prevention campaign and of a statewide assessment or evaluation grant.

2. Of the funds appropriated in this section, \$298,000 shall be used for grants to community or regional groups which demonstrate broad-based representation from community representatives including but not limited to schools, churches, human service-related organizations, and businesses. Priority in the awarding of grants shall be given to groups which provide services to both urban and rural areas within the proximity of the community or region and which provide age-appropriate programs adapted for both male and female youth at the elementary, middle, and high school levels. A program shall focus on the prevention of initial pregnancies during the adolescent years by emphasizing sexual abstinence as the only completely safe and effective means of avoiding pregnancy and sexually transmitted diseases and by providing information regarding the comparative failure rates of contraceptives, and by emphasizing responsible decision making in relationships, managing of peer and social pressures, development of self-esteem, the costs and responsibilities of parenting, and information regarding the alternative of adoption for placement of a child. The program shall also include an evaluation and assessment component which includes evaluation of and recommendations for improvement of the program by the youth and parents involved. Evaluation and assessment reports shall be provided to the department of human services, at a time determined by the department in the grant award. Community or regional groups interested in applying for a grant under this subsection may be issued a planning grant or may utilize grant moneys for the costs of technical assistance to analyze community needs, match service providers to needs, negotiate service provision strategies, or other assistance to focus grant services provided under this subsection. The technical assistance may be provided by organizations affiliated with institutions under the authority of the state board of regents or other organizations experienced in providing technical assistance concerning similar services.

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3. Of the funds appropriated in this section, \$731,014 shall be used by the department for child abuse prevention grants.

4. Of the funds appropriated in this section, an additional \$100,000, based upon the amount allocated in the previous fiscal year, shall be used for family planning services.

Sec. 12. COURT-ORDERED SERVICES PROVIDED TO JUVENILES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

Payment of the expenses of court-ordered services provided to juveniles which are a charge upon the state pursuant to section 232.141, subsection 4:

..... \$ 3,090,000

1. Notwithstanding section 232.141 or any other provision of law, the funds appropriated in this section shall be allocated to the judicial districts as determined by the state court administrator. The state court administrator shall make the determination on the allocations on or before June 15.

2. a. Each judicial district shall continue the planning group for the court-ordered services for juveniles provided in that district which was established pursuant to 1991 Iowa Acts, chapter 267, section 119. A planning group shall continue to perform its duties as specified in that law. Reimbursement rates for providers of court-ordered evaluation and treatment services paid under section 232.141, subsection 4, shall be negotiated with providers by each judicial district's planning group.

b. Each district planning group shall submit an annual report in January to the state court administrator and the department of human services. The report shall cover the preceding fiscal year and shall include a preliminary report on the current fiscal year. The administrator and the department shall compile these reports and submit the reports to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

3. The department of human services shall develop policies and procedures to ensure that the funds appropriated in this section are spent only after all other reasonable actions have been taken to utilize other funding sources and community-based services. The policies and procedures shall be designed to achieve the following objectives relating to services provided under chapter 232:

a. Maximize the utilization of funds which may be available from the medical assistance program including usage of the early and periodic screening, diagnosis, and treatment (EPSDT) program.

b. Recover payments from any third-party insurance carrier which is liable for coverage of the services, including health insurance coverage.

c. Pursue development of agreements with regularly utilized out-of-state service providers which are intended to reduce per diem costs paid to those providers.

4. The department of human services, in consultation with the state court administrator and the judicial district planning groups, shall compile a monthly report describing spending in the districts for court-ordered services for juveniles, including the utilization of the medical assistance program. The reports shall be submitted on or before the twentieth day of each month to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

5. Notwithstanding chapter 232 or any other provision of law, a district or juvenile court in a department of human services district shall not order any service which is a charge upon the state pursuant to section 232.141 if there are insufficient court-ordered services funds available in the district allocation to pay for the service. The chief juvenile court officer shall work with the judicial district planning group to encourage use of the funds appropriated in this section such that there are sufficient funds to pay for all court-related services during the entire year. The eight chief juvenile court officers shall attempt

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to anticipate potential surpluses and shortfalls in the allocations and shall cooperatively request the state court administrator to transfer funds between the districts' allocations as prudent.

6. Notwithstanding any provision of law to the contrary, a district or juvenile court shall not order a county to pay for any service provided to a juvenile pursuant to an order entered under chapter 232 which is a charge upon the state under section 232.141, subsection 4.

7. Of the funds appropriated in this section, not more than \$200,000 may be used by the judicial department for administration of the requirements under this section and for travel associated with court-ordered placements which are a charge upon the state pursuant to section 232.141, subsection 4.

8. Of the funds appropriated in this section, not more than \$400,000 may be transferred to the appropriation in this Act for child and family services and used to provide school-based supervision of children adjudicated under chapter 232.

Sec. 13. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the state mental health institutes for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	43,190,000
.....	FTEs	954.75

1. The funds appropriated and full-time equivalent positions authorized in this section are allocated as follows:

a. State mental health institute at Cherokee:

.....	\$	14,840,000
.....	FTEs	331.13

b. State mental health institute at Clarinda:

.....	\$	6,000,000
.....	FTEs	136.82

c. State mental health institute at Independence:

.....	\$	17,590,000
.....	FTEs	401.82

d. State mental health institute at Mount Pleasant:

.....	\$	4,760,000
.....	FTEs	84.98

2. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

3. As part of the discharge planning process at the state mental health institutes, the department shall provide assistance in obtaining eligibility for federal supplemental security income (SSI) to those individuals whose care at a state mental health institute is the financial responsibility of the state.

Sec. 14. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the state hospital-schools, for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	66,260,000
.....	FTEs	1,666.00

1. The funds appropriated and full-time equivalent positions authorized in this section are allocated as follows:

a. State hospital-school at Glenwood:		
.....	\$	35,830,000
.....	FTEs	910.00
b. State hospital-school at Woodward:		
.....	\$	30,430,000
.....	FTEs	756.00

2. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

Sec. 15. MENTAL ILLNESS SPECIAL SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental illness special services:

.....	\$	121,220
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1. The department and the Iowa finance authority shall develop methods to implement the financing for existing community-based facilities and to implement financing for the development of affordable community-based housing facilities. The department shall assure that clients are referred to the housing as it is developed.

2. The funds appropriated in this section are to provide funds for construction and start-up costs to develop community living arrangements to provide for persons with mental illness who are homeless. These funds may be used to match federal Stewart B. McKinney Homeless Assistance Act grant funds.

Sec. 16. FAMILY SUPPORT SUBSIDY PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the family support subsidy program:

.....	\$	1,110,000
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Sec. 17. SPECIAL NEEDS GRANTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To provide special needs grants to families with a family member at home who has a developmental disability or to a person with a developmental disability:

.....	\$	53,212
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Grants must be used by a family to defray special costs of caring for the family member to prevent out-of-home placement of the family member or to provide for independent living costs. A grant may provide up to \$5,000 per person for costs associated with an assistive animal. The grants may be administered by a private nonprofit agency which serves people statewide provided that no administrative costs are received by the agency. Regular reports regarding the special needs grants with the family support subsidy program and an annual report concerning the characteristics of the grantees shall be provided to the legislative fiscal bureau.

Sec. 18. MI/MR/DD STATE CASES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purchase of local services for persons with mental illness, mental retardation, and developmental disabilities where the client has no established county of legal settlement:

.....	\$	5,470,000
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Sec. 19. MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES – COMMUNITY SERVICES FUND. There is appropriated from the general fund of the state to the mental

health and developmental disabilities community services fund created in section 225C.7 for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental health and developmental disabilities community services in accordance with this Act:

..... \$ 16,230,000

1. Of the funds appropriated in this section, \$15,951,138 shall be allocated to counties for funding of community-based mental health and developmental disabilities services. The moneys shall be allocated to a county as follows:

a. Fifty percent based upon the county's proportion of the state's population of persons with an annual income which is equal to or less than the poverty guideline established by the federal office of management and budget.

b. Fifty percent based upon the county's proportion of the state's general population.

2. a. A county shall utilize the funding the county receives pursuant to subsection 1 for services provided to persons with a disability, as defined in section 225C.2. However, no more than 50 percent of the funding shall be used for services provided to any one of the service populations.

b. A county shall use at least 50 percent of the funding the county receives under subsection 1 for contemporary services provided to persons with a disability.

c. The mental health and developmental disabilities commission shall adopt rules pursuant to chapter 17A describing the contemporary services. The commission may adopt administrative rules to implement this subsection.

3. Of the funds appropriated in this section, \$30,000 shall be used to support the Iowa compass program providing computerized information and referral services for Iowans with disabilities and their families.

4. The department shall submit an annual report concerning each population served and each service funded in this section to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.

5. a. A mental health and developmental disabilities regional planning council established pursuant to section 225C.18 shall develop plans for the provision of services for the fiscal year beginning July 1, 1995, for persons with a disability in the county or counties comprising the planning council.

b. County expenditure reports for services provided to persons with a disability for the prior fiscal year are due to the department on or before October 15, 1995. The county MI/MR/DD/BI plan for the fiscal year beginning July 1, 1995, is due to the department on or before April 1, 1995.

6. Of the funds appropriated in this section, not more than \$248,862 shall be provided to those counties having supplemental per diem contracts in effect on June 30, 1994, which were originally initiated under 1993 Iowa Acts, chapter 172, section 16, subsection 2. The amount provided to each county shall be equal to the amount the county would be eligible to receive under the supplemental per diem contracts in effect on June 30, 1994, if the contracts were continued in effect for the entire fiscal year beginning July 1, 1995.

7. a. Funding from the federal social services block grant in the amount of \$13,038,763 is allocated for distribution to counties for local purchase of services for persons with mental illness or mental retardation or other developmental disability.

b. The funds allocated in this subsection shall be expended by counties in accordance with eligibility guidelines established in the department's rules outlining general provisions for service administration. Services eligible for payment with funds allocated in this subsection are limited to any of the following which are provided in accordance with the department's administrative rules for the services: adult support, adult day care, administrative support for volunteers, community supervised apartment living arrangements, residential services for adults, sheltered work, supported employment, supported work training, transportation, and work activity.

c. In purchasing services with funds allocated in this subsection, a county shall designate a person to provide for eligibility determination and development of a case plan for individuals for whom the services are purchased. The designated person shall be a medical assistance case manager serving the person's county of residence. If an individual does not have a case manager, the individual's eligibility shall be determined by a social services caseworker of the department serving the individual's county of residence. The case plan shall be developed in accordance with the department's rules outlining general provisions for service administration.

d. Services purchased with funds allocated in this subsection must be the result of a referral by the person who identified the services in developing the individual's case plan.

e. Services purchased with funds allocated in this subsection must be under a purchase of service contract established in accordance with the department's administrative rules for purchase of service.

f. The funds provided by this subsection shall be allocated to each county as follows:

(1) Fifty percent based upon the county's proportion of the state's population of persons with an annual income which is equal to or less than the poverty guideline established by the federal office of management and budget.

(2) Fifty percent based upon the amount provided to the county for local purchase services in the preceding fiscal year.

g. Each county shall submit to the department a plan for funding of the services eligible for payment under this subsection. The plan may provide for allocation of the funds for one or more of the eligible services. The plan shall identify the funding amount the county allocates for each service and the time period for which the funding will be available. Only those services which have funding allocated in the plan are eligible for payment with funds provided in this subsection.

h. A county shall provide advance notice to the individual receiving services, the service provider, and the person responsible for developing the case plan of the date the county determines that funding will no longer be available for a service.

i. Moneys allocated to a county pursuant to paragraph "f" shall be provided to the county as claims are submitted to the state.

j. The moneys provided under this subsection do not establish an entitlement to the services funded under this subsection.

Sec. 20. PERSONAL ASSISTANCE – FAMILY SUPPORT. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount or so much thereof as is necessary, to be used for the purpose designated:

For implementing a pilot project for the personal assistance services program in accordance with this section:

..... \$ 250,000

1. The funds appropriated in this section shall be used by the division of mental health and developmental disabilities to implement a pilot project for the personal assistance services program under section 225C.46 in an urban and a rural area. A portion of the funds may be used for costs to develop a federal home and community-based waiver under the medical assistance program for persons with physical disabilities or other expenditures necessary to develop the personal assistance program in the most appropriate and cost-effective manner. However, not more than \$50,000 shall be used for administrative costs. The pilot project and the waiver shall not be implemented in a manner that would require additional county or state costs for assistance provided to an individual served under the pilot project or the waiver.

2. In cooperation with the personal assistance and family support services council, the Iowa family support initiative, and the governor's planning council for developmental disabilities, the department shall apply for any federal funds made available through the federal Families of Children with Disabilities Support Act of 1994, provided no new state

or county funds are needed to match the federal funds. The department may use funds from existing programs as matching funds, provided the program goals are consistent and reductions in services for program recipients do not occur. The department shall use the personal assistance and family support services council to meet any federal requirements for a state board policy group, or may use a subgroup of the council if necessary for meeting federal specifications on size, composition, configuration, or functioning relating to a federal requirement for a policy group. The department's planning for a comprehensive family support initiative under section 225C.47 and this subsection shall address options for a means test eligibility requirement and for local review of eligibility by existing bodies such as the mental health and developmental disabilities regional planning councils created pursuant to section 225C.18.

Sec. 21. FIELD OPERATIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For field operations, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	38,140,000
.....	FTEs	2009.50

The department may exceed the quantity of full-time equivalent positions authorized in this section by up to 8.5 FTEs as necessary to increase services for the permanent placement of children for whom parental rights have been terminated and who are under the guardianship of the department.

Sec. 22. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For general administration, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	10,907,951
.....	FTEs	375.50

Of the funds appropriated in this section, \$57,090 is allocated for the prevention of disabilities policy council established in section 225B.3.

Sec. 23. VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For development and coordination of volunteer services:	\$	85,793
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Sec. 24. "X-PERT" PUBLIC ASSISTANCE BENEFIT ELIGIBILITY DETERMINATION SYSTEM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the development costs of the "X-PERT" knowledge-based computer software package for public assistance benefit eligibility determination, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	919,000
.....	FTEs	17.00

Moneys appropriated in this section shall be considered encumbered for the purposes of section 8.33.

Sec. 25. MEDICAL ASSISTANCE, STATE SUPPLEMENTARY ASSISTANCE, AND SOCIAL SERVICE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.

1. a. For the fiscal year beginning July 1, 1995, the department of human services may allocate any increases in payments for durable medical products and supplies so that equipment and supplies which have greater wholesale cost increases may be reimbursed at a higher rate and those which have a lower or no wholesale cost increase may be reimbursed at a lower rate or have no increase.

b. For the fiscal year beginning July 1, 1995, providers of obstetric services when provided by physicians or certified nurse-midwives shall have their medical assistance reimbursement rates increased by 5.0 percent over the rates in effect on June 30, 1995.

c. For the fiscal year beginning July 1, 1995, skilled nursing facilities shall have their medical assistance rates increased by 4.6 percent over the rates in effect on June 30, 1995.

d. The dispensing fee for pharmacists shall remain at the rate in effect on June 30, 1995. The reimbursement policy for drug product costs shall be in accordance with federal requirements.

e. Reimbursement rates for in-patient and outpatient hospital services shall be increased by an average of 4.2 percent over the rates in effect on June 30, 1995. The department shall continue the outpatient hospital reimbursement system based upon ambulatory patient groups implemented pursuant to 1994 Iowa Acts, chapter 1186, section 25, subsection 1, paragraph "f". In addition, the department shall continue the revised medical assistance payment policy implemented pursuant to that paragraph to provide reimbursement for costs of screening and treatment provided in the hospital emergency room is made pursuant to the prospective payment methodology developed by the department for the payment of outpatient services provided under the medical assistance program.

f. Reimbursement rates for rural health clinics shall be increased in accordance with increases under the federal medicare program.

g. Home health agencies certified for the federal medicare program, hospice services, and acute care mental hospitals shall be reimbursed for their current federal medicare audited costs.

h. The basis for establishing the maximum medical assistance reimbursement rate for nursing facilities shall be the 70th percentile of facility costs as calculated from the June 30, 1995, unaudited compilation of cost and statistical data. However, to the extent funds are available within the amount projected for reimbursement of nursing facilities within the appropriation for medical assistance in this Act, and within the appropriation for medical assistance as a whole, the department shall adjust the maximum medical assistance reimbursement for nursing facilities to the 70th percentile, as calculated on December 31, 1995, unaudited compilation of cost and statistical data and the adjustment shall take effect January 1, 1996.

i. The department may revise the fee schedule used for physician reimbursement.

j. Federally qualified health centers shall be reimbursed at 100 percent of reasonable costs as determined by the department in accordance with federal requirements.

k. Reimbursement for air ambulance service shall be \$7.50 per mile and the base rate is \$200.

2. For the fiscal year beginning July 1, 1995, the maximum cost reimbursement rate for residential care facilities reimbursed by the department shall be \$21.32 per day. The flat reimbursement rate for facilities electing not to file semiannual cost reports shall be \$15.25 per day. For the fiscal year beginning July 1, 1995, the maximum reimbursement rate for providers reimbursed under the in-home health-related care program shall be \$409.89 per month.

3. Unless otherwise directed in this section, when the department's reimbursement methodology for any provider reimbursed in accordance with this section includes an

inflation factor, this factor shall not exceed the amount by which the consumer price index for all urban consumers increased during the calendar year ending December 31, 1994.

4. Notwithstanding section 234.38, in the fiscal year beginning July 1, 1995, the foster family basic daily maintenance rate and the maximum adoption subsidy rate for children ages 0 through 5 years shall be \$12.00, the rate for children ages 6 through 11 years shall be \$12.72, the rate for children ages 12 through 15 years shall be \$13.89, and the rate for children ages 16 and older shall be \$14.73. Effective July 1, 1995, payments to foster and adoptive families shall be calculated on a daily basis. Effective July 1, 1995, the special care allowance paid to adoptive families who have adopted a child with special needs and are eligible for an adoptive subsidy shall be the same as foster care.

5. For the fiscal year beginning July 1, 1995, the maximum reimbursement rates for social service providers shall be the same as the rates in effect on June 30, 1995, except under any of the following circumstances:

a. If a new service was added after June 30, 1995, the initial reimbursement rate for the service shall be based upon actual and allowable costs.

b. If a social service provider loses a source of income used to determine the reimbursement rate for the provider, the provider's reimbursement rate may be adjusted to reflect the loss of income, provided that the lost income was used to support actual and allowable costs of a service purchased under a purchase of service contract.

c. The department revises the reimbursement rates due to implementation of a redesigned purchase of services system.

6. The group foster care reimbursement rates paid for placement of children out-of-state shall be calculated according to the same rate-setting principles as those used for in-state providers unless the director determines that appropriate care cannot be provided within the state. The payment of the daily rate shall be based on the number of days in the calendar month in which service is provided.

7. For the fiscal year beginning July 1, 1995, the combined service and maintenance components of the reimbursement rate paid to a shelter care provider shall be based on the cost report submitted to the department. The maximum reimbursement rate shall be \$76.61 per day. If the department would reimburse the provider at less than the maximum rate but the provider's cost report justifies a rate of at least \$76.61, the department shall readjust the provider's reimbursement rate to the maximum reimbursement rate. In January 1996, the department shall review the usage of shelter care and the funding allocated for shelter care, if the usage is less than anticipated and the existing contracts for provision of shelter care do not obligate the total amount of the funds allocated, the department may utilize moneys in the allocation, which would otherwise be unexpended, for wrap-around services or support to enable group foster care placement to be prevented or the length of stay reduced.

8. The department shall continue the pilot project to implement the alternative payment system, recommended in the study completed by the drug utilization review commission, for compensation of pharmacists for pharmaceutical care services under medical assistance. A report of the findings and recommendations resulting from an evaluation of the pilot project regarding the payment system shall be submitted to the legislative fiscal bureau and to the chairpersons and ranking members of the joint appropriations subcommittee on human services by January 15, 1997.

9. The department shall modify reimbursement provisions applicable to agencies providing services under the department's rehabilitative treatment program for children and their families. The modification shall address the service utilization reimbursement rates under the program to include the time a child is away from the agency for good cause.

10. The department may adopt emergency rules to implement the provisions of this section.

11. For the period beginning on the effective date of this subsection and ending June 30, 1996, the department shall not reduce the percentile amount used to calculate reimbursement rates for intermediate care facilities for the mentally retarded.

Sec. 26. STANDARDS FOR CASELOADS AND REIMBURSEMENT.

1. The department of human services shall develop a plan for meeting national standards on caseloads for the department's social workers.

2. The department shall also develop a plan for improving the adequacy of reimbursement for family foster care. The foster care reimbursement rate improvement provisions shall provide for basing the reimbursement rates on at least 75 percent of the United States department of agriculture estimate of the costs to raise a child in the calendar year immediately preceding the fiscal year. In addition the family foster care provisions of the plan shall address additional reimbursement for respite care, including in-home respite care, and adequate allowances for clothing and school expenses. The clothing allowance upon a child's initial placement shall be at least \$250 and at least \$50 per month for the remainder of the placement. School expenses shall be reimbursed for elementary and developmental preschool children at not more than \$50 per semester and for grades seven through twelve at not more than \$100 per semester. Driver's education expenses shall be reimbursed in full.

3. The department shall submit the planning provisions required by this section to the members of the joint appropriations subcommittee on human services of the senate and house of representatives on or before January 8, 1996.

Sec. 27. STATE INSTITUTIONS - CLOSINGS AND REDUCTIONS. If a state institution administered by the department of human services is to be closed or reduced in size, prior to the closing or reduction the department shall initiate and coordinate efforts in cooperation with the Iowa department of economic development to develop new jobs in the area in which the state institution is located. In addition, the department may take other actions to utilize the facilities of an institution, including but not limited to assisting not-for-profit users with remodeling and lease costs by forgiving future rental or lease payments to the extent necessary for a period not to exceed five years.

Sec. 28. 1994 Iowa Acts, chapter 1186, section 10, unnumbered paragraph 2, is amended to read as follows:

For child and family services:

.....	\$	74,617,612
		<u>81,264,807</u>

Sec. 29. 1994 Iowa Acts, chapter 1186, section 18, unnumbered paragraph 2, is amended to read as follows:

For purchase of local services for persons with mental illness, mental retardation, and developmental disabilities services where the client has no established county of legal settlement:

.....	\$	5,973,492
		<u>2,973,492</u>

Sec. 30. 1994 Iowa Acts, chapter 1186, section 19, unnumbered paragraph 2, is amended to read as follows:

For mental illness, mental retardation, developmental disabilities, and brain injury community services in accordance with the provisions of this Act:

.....	\$	29,277,958
		<u>21,860,789</u>

Sec. 31. 1994 Iowa Acts, chapter 1186, section 19, subsection 6, paragraph a, as amended by 1994 Iowa Acts, chapter 1199, section 70, is amended to read as follows:

a. Of the funds appropriated in this section, ~~\$13,038,763~~ \$5,621,594 is allocated for distribution to counties for local purchase of services for persons with mental illness or mental retardation or other developmental disability.

Sec. 32. 1994 Iowa Acts, chapter 1186, section 20, unnumbered paragraph 2, is amended to read as follows:

*Item veto; see message at end of the Act

For field operations, including salaries, support, maintenance, and miscellaneous purposes:

.....	\$	37,567,639
.....		<u>41,337,613</u>

Sec. 33. 1994 Iowa Acts, chapter 1194, section 10, subsections 2 and 3, are amended to read as follows:

2. Not more than ~~\$1,725,148~~ 2,078,730 of the funds appropriated in subsection 1 shall be used by the department of human services for general administration. From the funds set aside by this subsection for general administration, the department of human services shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1.

3. In addition to the allocation for general administration in subsection 2, the remaining funds appropriated in subsection 1 shall be allocated in the following amounts to supplement appropriations for the federal fiscal year beginning October 1, 1994, for the following programs within the department of human services:

a. Field operations:		
.....	\$	12,124,297
		<u>11,322,332</u>
b. Child and family services:		
.....	\$	14,101,019
		<u>-0-</u>
c. Child care assistance:		
.....	\$	1,310,652
		<u>1,581,230</u>
d. Local administrative costs and other local services:		
.....	\$	1,164,210
		<u>1,462,851</u>
e. Volunteers:		
.....	\$	122,778
		<u>148,259</u>
f. Community-based services:		
.....	\$	146,321
		<u>183,855</u>
g. <u>Local purchase:</u>		
.....	\$	10,917,169
h. <u>MI/MR state cases:</u>		
.....	\$	3,000,000

Sec. 34. Section 99D.7, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 22. To cooperate with the gamblers assistance program administered by the department of human services to incorporate information regarding the gamblers assistance program and its toll-free telephone number in printed materials distributed by the commission. The commission may require licensees to have the information available in a conspicuous place as a condition of licensure.

Sec. 35. Section 99E.9, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 8. The Iowa lottery board shall cooperate with the gamblers assistance program administered by the department of human services to incorporate information regarding the gamblers assistance program and its toll-free telephone number in printed materials distributed by the board.

Sec. 36. Section 217.3, subsection 4, Code 1995, is amended to read as follows:

4. Approve the budget of the department of human services prior to submission to the governor. ~~Within two weeks of the date~~ Prior to approval of the budget is approved, the council shall publicize and hold a public hearing to provide explanations and hear questions, opinions, and suggestions regarding the budget. Invitations to the hearing shall be extended to the governor, the governor-elect, the director of the department of management, and other persons deemed by the council as integral to the budget process.

**Sec. 37. Section 232.188, subsection 6, Code 1995, is amended to read as follows:*

*6. Initially the department shall work with the five counties previously authorized under law to enter into decategorization agreements with the state. At a minimum, any of those counties may elect to use funding for foster care, family-centered services, subsidized adoption, child day care, local purchase of service, state juvenile institution care, state mental health institute care, state hospital-school care, juvenile detention, department direct services, and court-ordered services for juveniles in the child welfare fund established for that county. A portion of the fund may also be used for emergency family assistance to provide resources for families to remain intact or to be reunified. The department shall inform each county in advance of a fiscal year of the amount of funding that is available on account for the county at the state institutions for the fiscal year.**

Sec. 38. EMERGENCY RULES. If specifically authorized by a provision of this Act, the department of human services or the mental health and mental retardation commission may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions and the rules shall become effective immediately upon filing, unless a later effective date is specified in the rules. In addition, the department may adopt administrative rules in accordance with the provisions of this section as necessary to comply with federal requirements or to adjust to a change in the level of federal funding during the fiscal year beginning July 1, 1995, and ending June 30, 1996. Any rules adopted in accordance with the provisions of this section shall also be published as notice of intended action as provided in section 17A.4.

Sec. 39. EFFECTIVE DATE. Section 3, subsection 10, of this Act, relating to drug prior authorization, section 3, subsection 14, relating to the nursing home waiver pilot program, section 25, subsection 11, relating to reimbursement rates for intermediate care facilities for the mentally retarded, and sections 28 through 33, amending 1994 Iowa Acts, being deemed of immediate importance, take effect upon enactment.

Approved April 27, 1995, except the items which I hereby disapprove and which are designated as those portions of Section 3, subsection 10, paragraph e which are herein bracketed in ink and initialed by me; Section 3, subsection 14 in its entirety; Section 10, subsection 11 in its entirety; Section 10, subsection 19 in its entirety; Section 11, subsection 4 in its entirety; Section 26, subsection 1 in its entirety; and Section 37 in its entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the President of the Senate this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. President:

I hereby transmit Senate File 462, an Act relating to appropriations for the Department of Human Services and the Prevention of Disabilities Policy Council and including other provisions and appropriations involving human services and health care and providing for effective and applicability dates.

*Item veto; see message at end of the Act

Senate File 462 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the designated portions of Section 3, subsection 10, paragraph e. These items would require the Department of Human Services to implement a plan to pursue reimbursement for pharmacy services from third-party payors by May 1, 1996, and to include the administrative costs of adopting this new policy in the department's proposed FY 1997 budget. While I support asking the department to explore the feasibility of a "pay and chase" policy to recover the costs of pharmacy services, it would be premature to direct the department to implement the policy before a plan is even developed. Further, implementation of such a policy will result in costs to the Medicaid program which have not been included in the funds appropriated to the department for FY 1996. Also, the requirement that the director include the costs of implementing the policy in the department's FY 1997 budget requests goes beyond the authority the legislature has in the budgeting process, and for that reason can not be approved.

I am unable to approve the item designated as Section 3, subsection 14, in its entirety. This item would require the Department of Human Services to seek federal approval to develop a new program to pay persons, including relatives, to provide care in their homes for elderly individuals who are currently residing in nursing homes. In recent years, several very good programs have been established to provide alternatives to nursing home care for Iowa's elderly. As a result, the elderly who are entering nursing homes are doing so only after they have become so frail or infirm that alternative services are no longer appropriate. I am concerned that because this proposal targets the elderly who have already been placed in nursing homes, it has the potential of encouraging abuses of the Medicaid program and perhaps even of elderly Iowans who are best cared for in the nursing home setting. I urge the Department of Human Services to continue to work with the Department of Elder Affairs to develop alternative services that are cost effective and that address the needs of Iowa's elderly citizens.

I am unable to approve the item designated as Section 10, subsection 11, in its entirety. This item utilizes a budgeting gimmick to shift funds from one area of the Department of Human Services' budget to another, the result of which reduces the department's flexibility to design delinquency and child welfare services and creates built-in increases in future years. Again this is an example of the bad budgeting practices of the past which can no longer be tolerated.

I am unable to approve the item designated as Section 10, subsection 19, in its entirety. This item provides an exception to the Department of Human Services' policies relating to foster care support obligations. The cases that would be impacted can not be easily identified and for that reason the exception as written would be difficult, if not impossible, to administer. The department has existing procedures that allow persons to request an exception to policy in appropriate cases which is already available as a remedy.

I am unable to approve the item designated as Section 11, subsection 4, in its entirety. This item would provide an additional \$100,000 for family planning services over and above the \$739,000 otherwise provided in the bill. This level of funding goes beyond the amount requested by the department and recommended by me for the program.

I am unable to approve the item designated as Section 26, subsection 1, in its entirety. This item directs the Department of Human Services to develop a plan for meeting national standards for social worker caseloads. Social worker duties vary from state to state and the differences are often related to the technology available to workers in performing

their tasks. New technologies are being implemented to make it possible for our workers to perform more efficiently and effectively. Also services that may be included as part of a social worker's duties in other states are contracted out in Iowa. Given these variances, national standards can not be directly applied to Iowa's experience.

I am unable to approve the item designated as Section 37, in its entirety. This proposed statutory change fails to address the relationships of the local decategorization accounts and the current funding mechanisms for the mental health institutes and state hospital-schools. Traditionally child welfare funds have not been used for mental health institutes or hospital-school costs. Counties that decategorize child welfare funding will be able to continue to carry out their plans.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 462 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 206

INCOME AND PROPERTY TAX RELIEF - MENTAL HEALTH FUNDING

S.F. 69

AN ACT relating to tax provisions involving state income tax, certain county property tax and services associated with mental health and developmental disabilities services, the county property tax limitation, and property tax on industrial machinery, equipment and computers, providing appropriations, and providing effective and applicability dates.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I INCOME TAX

Section 1. Section 422.7, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 33. For a person who is disabled, or is fifty-five years of age or older, or is the surviving spouse of an individual or a survivor having an insurable interest in an individual who would have qualified for the exemption under this subsection for the tax year, subtract, to the extent included, the total amount of a governmental or other pension or retirement pay, including, but not limited to, defined benefit or defined contribution plans, annuities, individual retirement accounts, plans maintained or contributed to by an employer, or maintained or contributed to by a self-employed person as an employer, and deferred compensation plans or any earnings attributable to the deferred compensation plans, up to a maximum of three thousand dollars for a person who files a separate state income tax return and up to a maximum of six thousand dollars for a husband and wife who file a joint state income tax return. However, a surviving spouse who is not disabled or fifty-five years of age or older can only exclude the amount of pension or retirement pay received as a result of the death of the other spouse.

Sec. 2. Section 422.12, subsection 1, paragraph c, Code 1995, is amended to read as follows: