

I am unable to approve the item designated as Section 35, in its entirety. This item requires the Department of General Services to determine and recommend to the Governor and the General Assembly a reimbursement amount to the City of Des Moines for police and fire protection provided by the city for state-owned buildings and facilities located in the city. The language in this section of the bill requires General Services to conduct a comprehensive study of reimbursement practices, yet no resources were provided to undertake the study. The bill directs further action, which presupposes an outcome to the study.

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 House File 2498 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, Governor

CHAPTER 1218

HUMAN SERVICES APPROPRIATIONS AND RELATED PROVISIONS

S.F. 2410

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 effective dates and a retroactive applicability provision.

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

DIVISION I — APPROPRIATIONS

Section 1. **SOCIAL SERVICES BLOCK GRANT SUPPLEMENTATION.** There is appropriated from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 1997, and ending June 30, 1998, from moneys received under the federal temporary assistance for needy families block grant, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For supplementation of the federal social services block grant appropriation in 1997 Iowa Acts, chapter 202, section 12, due to the federal reduction in this block grant and the corresponding decrease pursuant to 1997 Iowa Acts, chapter 202, section 16:

..... \$ 682,194

The moneys appropriated in this section are allocated for the indicated programs and functions within the department as follows:

1. General administration: \$ 43,379

2. Field operations: \$ 259,455

3. Child and family services: \$ 38,808

4. Local administrative costs and other local services: \$ 27,517

5. Volunteers: \$ 3,007

6. Community-based services:	\$	3,458
.....		
7. MH/MR/DD/BI community services (local purchase):	\$	306,570
.....		

Sec. 2. EARLY CHILDHOOD. There is appropriated from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the fiscal year beginning July 1, 1999, and ending June 30, 2000, the fiscal year beginning July 1, 2000, and ending June 30, 2001, and the fiscal year beginning July 1, 2001, and ending June 30, 2002, from moneys received under the federal temporary assistance for needy families block grant, the following amount, or so much thereof as is necessary in each of the indicated fiscal years, to be used for the purpose designated:

For funding of community-based programs targeted to children from birth through five years of age, developed by community empowerment areas:

.....	\$	3,800,000
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1. The department may transfer federal temporary assistance for needy families block grant funding allocated in this section to the child care and development block grant in accordance with federal law as necessary to comply with the provisions of this section. The funding shall then be provided to community empowerment areas for the fiscal year beginning July 1, 1998, in accordance with all of the following:

a. The area must be approved as a community empowerment area by the Iowa empowerment board.

b. The maximum funding amount a community empowerment area is eligible to receive shall be determined by applying the area's percentage of the state's average monthly family investment program population in the preceding fiscal year to the total amount appropriated in this section for fiscal year 1998-1999. If the community empowerment board's request for funding is received by the Iowa empowerment board on or after August 1, 1998, the maximum funding amount shall be prorated for the fiscal year and rounded up to the nearest full month.

c. A community empowerment area receiving funding shall comply with any federal reporting requirements associated with the use of that funding and other results and reporting requirements established by the Iowa empowerment board. The department shall provide technical assistance in identifying and meeting the federal requirements.

d. The availability of funding provided under this section is subject to changes in federal requirements and amendments to Iowa law.

2. Moneys appropriated in this section shall be used by communities for the purposes of enhancing quality child day care capacity in support of parent capability to obtain or retain employment. The moneys shall be used with a primary emphasis on low-income families and children from birth to five years of age. Moneys shall be provided in a flexible manner to communities, and shall be used to implement strategies identified by the communities to achieve such purposes. The strategies may include but are not limited to developing capacity for regular child day care, sick child care, night shifts child care, and emergency child care; enhancing linkages between the head start and early head start programs, early childhood development programs, and child day care assistance programs; and implementing other strategies to enhance access to child day care. The moneys may be used to either build capacity or for support of ongoing efforts. In addition to the full-time equivalent positions authorized in this Act, 1.00 FTE is authorized and the department may use up to \$50,000 for provision of technical assistance and other support to communities developing and implementing strategies with moneys appropriated in this section.

3. Moneys appropriated in this section which are not distributed to a community empowerment area or otherwise remain unobligated or unexpended at the end of the fiscal year shall revert to the fund created in section 8.41 to be available for appropriation by the general assembly in a subsequent fiscal year.

Sec. 3. FAMILY INVESTMENT PROGRAM GENERAL FUND. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To be credited to the family investment program account and used for family investment program assistance under chapter 239B:

..... \$ 31,420,000

1. The department of workforce development, in consultation with the department of human services, shall continue to utilize recruitment and employment practices to include former and current family investment program recipients. The department of workforce development shall submit a report of the practices utilized and the results of the utilization to the general assembly by January 1, 1999.

2. It is the intent of the general assembly that the department of human services shall continue to work with the department of workforce development and local community collaborative efforts to provide support services for family investment program participants. The support services shall be directed to those participant families who would benefit from the support services and are likely to have success in achieving economic independence.

3. Of the funds appropriated in this section, \$9,564,352 is allocated for the JOBS program.

4. The department shall continue to work with religious organizations and other charitable institutions to increase the availability of host homes, referred to as second chance homes or other living arrangements under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 103. The purpose of the homes or arrangements is to provide a supportive and supervised living arrangement for minor parents receiving assistance under the family investment program who, under chapter 239B, may receive assistance while living in an alternative setting other than with their parent or legal guardian.

Sec. 4. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT. There is appropriated from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, from moneys received under the federal temporary assistance for needy families block grant pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, which are federally appropriated for the federal fiscal years beginning October 1, 1996, and ending September 30, 1997, beginning October 1, 1997, and ending September 30, 1998, and beginning October 1, 1998, and ending September 30, 1999, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

Moneys appropriated in this section shall be used in accordance with the federal law making the funds available, applicable Iowa law, appropriations made from the general fund of the state in this Act for the purpose designated, and administrative rules adopted to implement the federal and Iowa law. If actual federal revenues credited to the fund created in section 8.41 through June 30, 1999, are less than the amounts appropriated in this section, the amounts appropriated shall be reduced proportionately and the department may reduce expenditures as deemed necessary by the department to meet the reduced funding level:

1. To be credited to the family investment program account and used for assistance under the family investment program under chapter 239B:

..... \$ 65,125,688

2. To be credited to the family investment program account and used for the job opportunities and basic skills (JOBS) program, and implementing family investment agreements, in accordance with chapter 239B:

..... \$ 19,480,113

3. For field operations:

..... \$ 10,579,210

4. For general administration:

..... \$ 2,844,612

5. For local administrative costs:	\$	1,904,371
6. For state child care assistance:	\$	7,214,089
7. For emergency assistance:	\$	2,557,000
8. For mental health and developmental disabilities community services:	\$	1,913,592
9. For child and family services:	\$	22,587,871
10. For pregnancy prevention grants on the condition that family planning services are funded:	\$	1,536,938
11. For technology needs and other resources necessary to meet federal welfare reform reporting, tracking, and case management requirements:	\$	1,000,000
12. For supervised community treatment under child and family services:	\$	300,000
13. For volunteers:	\$	18,771

The department shall report quarterly, any changes in allocations of temporary assistance for needy families moneys, to the legislative fiscal bureau and to the chairpersons and ranking members of the joint appropriations subcommittee on human services.

Sec. 5. FAMILY INVESTMENT PROGRAM ACCOUNT.

1. Moneys credited to the family investment program (FIP) account for the fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used in accordance with the following requirements:

- a. The department shall provide assistance in accordance with chapter 239B.
- b. The department shall continue the special needs program under the family investment program.
- c. The department shall implement federal welfare reform data requirements pursuant to the appropriations made for that purpose.
- d. The department shall continue expansion of the electronic benefit transfer program as necessary to comply with federal requirements. The target date for statewide implementation of the program is July 1, 2000. The department shall establish a cost-sharing policy with participants that guarantees at least four free transactions per month for participants' FIP account, unlimited free transactions for the participants' food stamp account as required by federal law, and at least one free electronic benefit transfer card replacement per six month period if a replacement is necessary. The department shall submit a progress report of the program to the general assembly by January 1, 1999. The report shall include a summary of the implementation plan for mandatory statewide usage of the electronic benefit transfer program, including timelines, projected costs and projected savings. If legislation is enacted by the Seventy-seventh General Assembly, 1998 Session, establishing fee payments to any retailers who participate in the electronic benefit transfer program,* the report shall include a projection of the costs of the fee payments and a projection of savings to the department in each of the state fiscal years beginning July 1, 1999, 2000, 2001, and 2002, and an updated comparison of fees being paid in other states. Notwithstanding any other legislation enacted by the Seventy-seventh General Assembly, 1998 Session, any retailer fees established shall not apply to any electronic benefit transfer pilot project until such time as the department begins implementation of the electronic benefit transfer program to counties in addition to the pilot project counties. An acquirer's fee for each transaction shall also not apply to any electronic benefit transfer pilot project until such time as the

* See chapter 1066 herein

department begins implementation of the electronic benefit transfer program to counties in addition to the pilot project counties.

e. The department shall continue to conduct an evaluation of the welfare reform program and child well-being provisions to measure the program’s effectiveness, impacts on children and families, and impacts across programs, and to identify effective strategies.

f. The department shall continue to contract for services in developing and monitoring an entrepreneurial training program to provide technical assistance to families which receive assistance under the family investment program.

g. For family investment agreements entered into on or after July 1, 1996, the maximum allowable time period for supported postsecondary education is limited to a total of twenty-four months. The twenty-four-month allowance shall only be available for a period of thirty-six consecutive months.

2. The department may transfer funds in accordance with section 8.39, either federal or state, to or from the child day care appropriations made for the fiscal year beginning July 1, 1998, if the department deems this would be a more effective method of paying for JOBS program child care, to maximize federal funding, or to meet federal maintenance of effort requirements.

3. Moneys appropriated in this Act and credited to the family investment program account for the fiscal year beginning July 1, 1998, and ending June 30, 1999, are allocated as follows:

a. For the food stamp employment and training program:

..... \$ 129,985

b. For the family development and self-sufficiency grant program as provided under section 217.12:

..... \$ 5,197,825

(1) Of the funds allocated for the family development and self-sufficiency grant program in this lettered paragraph, not more than 5 percent of the funds shall be used for the administration of the grant program.

(2) Based upon the annual evaluation report concerning each grantee funded by previously appropriated funds and through the solicitation of additional grant proposals, the family development and self-sufficiency council may use the allocated funds to renew or expand existing grants or award new grants. In utilizing the increased funding to expand the program, the council shall give consideration, in addition to other criteria established by the council, to a grant proposal’s intended use of local funds with a grant and to whether a grant proposal would expand the availability of the program’s services to a wider geographic area.

(3) Family development and self-sufficiency grantees shall not supplant previous local funding with state or federal funds.

(4) The department and the family development and self-sufficiency council shall identify a limited number of consistent performance measures to be tracked at both the grantee and the statewide levels. These performance measures shall be incorporated into grantee contracts awarded on or after July 1, 1998, and shall include at least two measures relating to FIP usage, at least two measures relating to family stability or family structure, at least two measures relating to participant employment, and other measures deemed appropriate by the department and the council. A grantee may also identify additional measures if the grantee believes additional measures will provide important information for public policy decisions. The council may also establish and track other measures that the council determines are necessary for making public policy decisions. The performance measures identified pursuant to this subparagraph shall be designed to reinforce the goal of supporting families in moving into employment and away from welfare dependency. The department and the family development and self-sufficiency council shall also identify existing performance measures reported by grantees that can be eliminated and shall take steps to simplify and streamline existing reporting requirements. Any performance measures established

pursuant to this paragraph shall be reported to the general assembly for purposes of determining the effectiveness of the grant program.

(5) The family development and self-sufficiency grant program shall be implemented statewide during FY 1998-1999.

c. For income maintenance reengineering:

..... \$ 200,000

d. For an employer verification pilot project:

..... \$ 50,000

The department may streamline and simplify the employer verification process for applicants, participants, and employers in the administration of the department's programs. The department may contract with companies collecting data from employers when the information is needed in the administration of these programs. The department may limit the availability of the initiative on the basis of geographic area or number of individuals. The department shall submit a report by January 15, 1999, regarding the potential benefits of expanding the initiative.

e. For the diversion program and incentive grants as follows:

(1) For the diversion subaccount of the family investment program account:

..... \$ 2,700,000

Moneys allocated to the diversion subaccount shall be used to continue the pilot initiative of providing incentives to assist families who meet income eligibility requirements for the family investment program in obtaining or retaining employment, to assist participant families in overcoming barriers to obtaining employment, and to assist families in stabilizing employment and in reducing the likelihood of the family returning to the family investment program. Incentives may be provided in the form of payment or services. The department may limit the availability of the pilot initiative on the basis of geographic area or numbers of individuals provided with incentives. The department shall attempt to assess and screen individuals who would most likely benefit from the services. The department shall expand the diversion initiative beginning in the fiscal year 1998-1999. In addition to the full-time equivalent positions authorized in this Act, 1.00 FTE is authorized and the department may use up to \$50,000 to facilitate community investment in welfare reform and to support expansion of the diversion program. The department may grant diversion moneys to the level of the entity operating an initiative. The department may adopt additional eligibility criteria as necessary for compliance with federal law and for screening those families who would be most likely to become eligible for the family investment program if diversion incentives would not be provided.

(2) For implementation of innovative strategies on a statewide or pilot project basis for supporting job retention, family structure, or both, including services to noncustodial parents and young parents. The department shall consult with members of the joint appropriations subcommittee on human services, designated by the subcommittee co-chairpersons and ranking members, concerning development of the strategies in advance of implementation:

..... \$ 500,000

(3) Of the moneys allocated in subparagraph (2), not more than \$50,000 shall be used to develop at least one community-level parental obligation pilot project. A pilot project shall be operated with the goal of assisting parents who are living apart in meeting their parental obligations and in supporting their children. Any pilot project shall maximize the use of existing community resources for family counseling, legal services, job training and job skills development, substance abuse treatment and prevention, health maintenance, and personal mentoring. Local communities shall also be encouraged to provide financial resources.

(a) Notwithstanding any other provision of law to the contrary, the department shall develop procedures for the pilot projects to expedite all of the following:

(i) The establishment and adjustment of support obligations, with the consent of both parents, in a manner which may deviate from the child support guidelines.

(ii) Changes in income withholding orders based on individual case circumstances.

(iii) Satisfaction of a portion of support amounts owed to the state based on cooperation and compliance by the noncustodial parent with project requirements.

(iv) Adjustment of visitation and shared custody arrangements in a manner which enhances the ability of each parent to meet parental obligations.

(b) The department shall adopt rules for the development, operation, and monitoring of a project; to establish the minimum required amount of community support; to establish expedited procedures; and to establish other criteria and procedures as appropriate.

(c) The department shall use the funds authorized in this subparagraph to employ one full-time equivalent position to manage the pilot project or projects. The department shall also use the authorized funds to employ other full-time equivalent positions, as necessary, to assist in the coordination, development, and operation of community-level pilot projects and to achieve the expedited procedures established. Any full-time equivalent positions authorized in this subparagraph subdivision are in addition to any other full-time equivalent positions authorized by law.

(4) Of the moneys allocated in subparagraph (2), not more than \$200,000 shall be used to conduct a study of the impact that moving unemployed family investment program parents into employment has on the well-being of the children, the parent, and the family. The department shall include in this well-being study a method of actual contact with the families and children, and shall consider broad-based impacts, such as educational achievement, health status, housing stability, family stability, and use of supportive social services. The department shall also seek funding through foundations and the federal government in order to supplement the funding for this study. The results of the study shall be submitted to the persons required by this Act to receive reports.

(5) Of the moneys allocated in subsection* (2), not more than \$100,000 shall be used for providing additional incentive payments to contracted agencies who demonstrate success at completing well-being visits for families terminated from the family investment program under a limited benefit plan. The department shall use these funds to increase payments to agencies who complete a higher percentage of well-being visits, who achieve a significant percentage of visits in a face-to-face format, or who are able to observe and interact with the children during a significant percentage of visits.

f. For implementation of the domestic violence option in accordance with the provisions of the division of this Act providing for that purpose and for awareness training:

..... \$ 25,000

4. Of the child support collections assigned under the family investment program, an amount equal to the federal share of support collections shall be credited to the child support recovery appropriation. The remainder of the assigned child support collections and the state share of incentives received by the child support recovery unit shall be credited to the family investment program account.

5. Effective July 1, 1998, the department shall discontinue payment of the first \$50 of the assigned child support collected by the department. A participant shall be entitled to any rebate of assigned support that should have been paid for June 1998 or earlier even though the rebate payment may not be authorized or paid until July 1, 1998, or after. The department may adopt emergency rules to implement this subsection.

6. The department may adopt emergency administrative rules for the family investment, food stamp, and medical assistance programs, if necessary, to comply with federal requirements. Prior to adoption of the rules, the department shall consult with the welfare reform council and the chairpersons and ranking members of the joint appropriations subcommittee on human services.

7. Notwithstanding 1997 Iowa Acts, chapter 208, section 3, subsection 9, moneys appropriated to the department of human services in 1995 Iowa Acts, chapter 220, section 11, for purposes of costs associated with the development of the X-PERT computer system shall not revert at the close of the fiscal year beginning July 1, 1997, but shall remain available for the

* The word "subparagraph" probably intended

purpose designated, including but not limited to case conversion activities, until the close of the fiscal year beginning July 1, 1998.

Sec. 6. 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, 1998, and ending June 30, 1999, 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:

..... \$ 10,000

1. The emergency assistance provided for in this section and federal moneys appropriated for this purpose in this Act 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, 1998, the department shall continue the 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.

3. Of the funds appropriated in this section, \$10,000 is allocated to the community voice mail program to continue the existing program. The funds shall be made available beginning July 1, 1998.

Sec. 7. 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, 1998, and ending June 30, 1999, 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:

..... \$ 385,513,305

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. 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 persons with mental retardation, 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 costs 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.

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. When paying the necessary and legal expenses of intermediate care facilities for persons with mental retardation (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.

4. a. The department shall proceed with a request for proposals for managed behavioral health care, including substance abuse care, without inclusion of rehabilitative treatment and support (RTS) services for medical assistance-eligible children, psychiatric medical institutions for children (PMICs) for mental health, or the preauthorization process of clinical assessment and consultation teams (CACT) for RTS services and the Iowa foundation for medical care for PMICs. In addition, the request for proposals may include coverage of persons with mental illness for whom payment for services is the responsibility of the state, known as "state cases". The state cases coverage shall include all services for persons with mental illness included in the county management plans approved under section 331.439. The financial criteria used to determine eligibility for the state cases coverage shall not be more stringent than the financial criteria used by the county of residence of the person with mental illness. The contractor's denial of payment for services provided to a person with mental illness for whom payment for the services is a state responsibility does not create a payment responsibility for a county. The department shall consult with the chairpersons

and ranking members of the joint appropriations subcommittee on human services in developing the request for proposals and in evaluating the responses. Notwithstanding the provisions of this Act 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.

b. If authorized by the legislative council, the child welfare services work group created by the legislative council in November 1997 shall continue meeting to develop capitation alternatives and consider accountability from a managed system of care, and shall submit recommendations to the general assembly and to the co-chairpersons and ranking members of the joint appropriations subcommittee on human services by January 1, 1999. The department shall provide not more than \$50,000 in funding for administrative expenses, ongoing expenses, consultation costs, and other support of the work group.

5. 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 \$5,000 may be expended for administrative purposes.

6. Of the funds appropriated to the Iowa department of public health for substance abuse grants, \$950,000 for the fiscal year beginning July 1, 1998, shall be transferred to the department of human services for an integrated substance abuse managed care system.

7. The department shall aggressively implement the medical assistance 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 be limited in application to persons with physical disabilities who reside in a medical institution at the time of applying for assistance. The base number of persons to be served under this waiver at any one time is 35. In addition, a maximum of ten persons with physical disabilities who are at imminent risk of placement in a medical institution shall be approved for waiver services.

8. The department of human services, in consultation with the Iowa department of public health and the department of education, shall continue the program to utilize the early and periodic screening, diagnosis, and treatment (EPSDT) funding under medical assistance, to the extent possible, to implement the screening component of the EPSDT program through the school system. The department may enter into contracts to utilize maternal and child health centers, the public health nursing program, or school nurses in implementing this provision.

9. The department shall continue the case study for outcome-based performance standards for programs serving persons with mental retardation or other developmental disabilities proposed pursuant to 1994 Iowa Acts, chapter 1170, section 56. The department shall adopt rules applicable to the programs included in the case study, request a waiver of applicable federal requirements, and take other actions deemed necessary by the department to continue the case study.

10. Contingent upon receiving federal approval, the department shall develop and implement a medical assistance home and community-based services waiver to allow children with mental retardation, who would otherwise require ICF/MR care, to be served in out-of-home settings of up to eight beds which meet standards established by the department. Initially the waiver shall be designed to provide 100 service slots.

11. The department may establish up to 30 psychiatric medical institution for children (PMIC) beds at the state mental health institute at Independence.

12. The department shall reinstate the employment earnings disregard eliminated by 1997 Iowa Acts, chapter 41, section 35, only if the disregard must be reinstated for the medical assistance program to assure federal funding under Title XIX or Title XXI of the federal Social Security Act. In reinstating the disregard, the department may simplify policies if the simplification can be accomplished within the existing department budget. The department may adopt emergency rules in order to implement the provisions of this subsec-

* Item veto; see message at end of the Act

tion. If the disregard is reinstated, the department shall submit for consideration during the 1999 legislative session, proposed legislation under section 2.16 for codification of the disregard.

13. Effective July 1, 1998, contingent upon receiving federal approval, the department shall revise the home and community-based services waiver provision which requires that an individual must have previously resided in an intermediate care facility for persons with mental retardation in order to receive supported employment and other services under the waiver. The revision shall allow a person with mental retardation to receive supported employment and other services under the waiver if this option is cost effective as compared to other service options available to that person. The department shall adopt emergency rules to implement the provisions of this subsection.

14. If approved by the federal government, adult residential environments licensed as intermediate or residential care facilities for persons with mental retardation using a campus or village setting approach, in not more than three counties, may convert to a residential program under the provisions of a medical assistance home and community-based services waiver for persons with mental retardation, provided the adult residential environments meet all of the following requirements:

a. The intermediate or residential care facility for persons with mental retardation license is surrendered.

b. The environment's bed capacity is reduced by at least twenty-five percent to a maximum capacity of no more than twelve beds.

c. The environment submits a five-year plan for further bed capacity reduction to the department of human services and the plan is acceptable to the department of human services.

The director of human services may authorize reimbursement of the costs of environments converted in accordance with this subsection from moneys appropriated for state supplementary assistance at a rate which does not exceed the maximum allowed for a residential program under state supplementary assistance requirements. The departments of human services and inspections and appeals shall develop standards and a monitoring process for environments converted under this subsection. If the provisions of this subsection are implemented, the department of human services shall submit amendments to the general assembly in accordance with section 2.16 to codify the provisions.

Sec. 8. HEALTH INSURANCE PREMIUM PAYMENT PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For administration of the health insurance premium payment program, including salaries, support, maintenance, and miscellaneous purposes:

.....	\$	392,000
.....	FTEs	17.00

Sec. 9. CHILD HEALTH CARE PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For maintenance of the child health care program as authorized by state law for receipt of federal financial participation under Title XXI of the federal Social Security Act, which creates the state children's health insurance program, including salaries, support benefits, outreach, maintenance, and miscellaneous purposes:

.....	\$	7,000,000
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The department may transfer funds appropriated in this Act for medical assistance to be used for the purpose of expanding health care coverage to children. **Notwithstanding section 8.33, moneys appropriated in this section of this Act which remain unobligated at the*

* Item veto; see message at end of the Act

close of the fiscal year shall not revert but shall remain available for allocation in the succeeding fiscal year.* The department shall provide periodic updates of expenditures of funds appropriated under this section to the general assembly. The department, in consultation with the board established for the child health care program, shall develop and utilize an application form, which does not exceed two pages in length, for coordination of the child health care program and the medical assistance program. The department may adopt emergency rules to implement the provisions of this section.

Sec. 10. 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, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For medical contracts:

..... \$ 7,357,150

1. Notwithstanding 1997 Iowa Acts, chapter 208, section 7, subsection 1, the department shall establish a task force to conduct a review of the prior authorization and prospective drug utilization review systems. The task force shall submit a report, including any recommendations for modifications of these systems, to the general assembly by January 1, 1999. Members of the task force shall include one representative of the department of human services, one representative of the drug utilization review commission, two pharmacists, two physicians, two representatives of academia, and two representatives of the pharmaceutical industry. Prior to submission of the report, the task force shall receive input concerning the recommendations and findings from interested legislators convened by the co-chairpersons of the joint appropriations subcommittee on human services.

2. The department shall not expand the requirement of drug prior authorization without prior approval of the general assembly except to require prior authorization of an equivalent of a prescription drug which is subject to prior authorization as of June 30, 1998.

3. a. Of the funds appropriated in this section, up to \$130,000 may be used by the department to fund a pilot project to develop recruitment and retention strategies and to provide additional training and support for nurse aides, employed by nursing facilities, as a means of reducing staff turnover.

b. The department shall contract with an agency or organization whose primary purpose is the improvement of the nurse aide profession, in partnership with community colleges and other professional providers, to provide continuing education, support and empowerment programs, and career opportunities within the field of nurse assisting, to further stabilize the workforce and reduce turnover.

c. The department shall also contract with one or more public institutions of higher education to evaluate the pilot project's effectiveness.

d. The department shall establish an advisory council to direct the project, which shall include representatives of the Iowa caregivers association, the Iowa nurses association, the department of inspections and appeals, the department of elder affairs, the Iowa association of homes and services for the aging, the Iowa health care association, the Iowa council of health care centers, long-term care coordinators appointed by the consortium of community colleges, and other interested parties.

4. The department shall enter into a contract with the university of Iowa college of medicine to conduct a study to determine the benefits to the state of the provision of pharmaceutical services by pharmacists. The study shall be conducted at no cost to the state.

Sec. 11. 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, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For state supplementary assistance, funeral assistance, and the medical assistance waiver for persons with mental retardation rent subsidy program:

* Item veto; see message at end of the Act

..... \$ 19,537,200

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, 1998, 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, 1998, 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.

3. The department may use up to \$75,000 of the funds appropriated in this section for a rent subsidy program for adult persons to whom all of the following apply:

a. Are receiving assistance under a medical assistance home and community-based services waiver.

b. Were discharged from a medical institution in which they have resided or were at risk of institutional placement, not to exceed 100 slots. Within available funding and demonstrated need, the department may make subsidy funds available to HCBS waiver-eligible adults meeting criteria in paragraph "a" and this paragraph at any time on or after July 1, 1995.

c. In lieu of meeting the criteria in paragraph "b", rent subsidy funds may also be provided to persons able to leave a medical institution by use of services provided under an HCBS waiver who turn 18 years of age during the last year of their institutional stay.

The goal of the subsidy program shall be to encourage and assist in enabling persons who currently reside in a medical institution to move to a community living arrangement. An eligible person may receive assistance in meeting their rental expense and, in the initial two months of eligibility, in purchasing necessary household furnishings and supplies. The program shall be implemented so that it does not meet the federal definition of state supplementary assistance and will not impact 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.

Sec. 12. 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, 1998, and ending June 30, 1999, 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:

..... \$ 8,740,000

1. Of the funds appropriated in this section, \$3,696,286 shall be used for protective child day care assistance.

2. Of the funds appropriated in this section, \$4,407,073 shall be used for state child care assistance.

3. Beginning July 1, 1998, the income eligibility requirement for state child care assistance shall be 140 percent of the federal poverty level for those families qualifying for basic child care assistance and 175 percent of the federal poverty level for those families with a

child with special needs. The department may adopt emergency rules to implement the provisions of this subsection.

4. For the purposes of this subsection, the term "poverty level" means the poverty level defined by the poverty income guidelines published by the United States department of health and human services. Based upon the availability of the funding provided in subsection 2 and other funding appropriated for state child care assistance, the department shall establish waiting lists for state child care assistance in descending order of prioritization as follows:

a. Families with an income at or below 100 percent of the federal poverty level whose members are employed at least 28 hours per week, and parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 and are participating in an educational program leading to a high school diploma or equivalent.

b. Parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 and are participating, at a satisfactory level, in an approved training program or in an educational program.

c. Families with an income of more than 100 percent but not more than 140 percent of the federal poverty level whose members are employed at least 28 hours per week.

d. Families with an income at or below 175 percent of the federal poverty level whose members are employed at least 28 hours per week with a special needs child as a member of the family.

5. 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.

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. For the purpose of expenditures of state and federal child day care funding, funds shall be considered obligated at the time expenditures are projected or are allocated to the department's regions. Projections shall be based on current and projected caseload growth, current and projected provider rates, staffing requirements for eligibility determination and management of program requirements including data systems management, staffing requirements for administration of the program, contractual and grant obligations and any transfers to other state agencies, and obligations for decategorization or innovation projects.

8. During the 1998-1999 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 allocated for that purpose in this section.

9. The administrators of the state child care assistance program and the family investment program shall develop a proposal for implementing by April 1, 1999, a single point of access for clients of publicly supported child day care assistance. The provisions included in the single point of access shall include but are not limited to JOBS program child care assistance, the child care disregard under the family investment program, and state child care assistance. The single point of access provisions shall be designed in a manner so as to provide a single application form, a single integrated set of eligibility requirements, and a uniform sliding fee scale for all participants regardless of the basis for eligibility. The proposal shall be submitted on or before January 1, 1999, to the persons designated under this Act to receive reports submitted by the department. The department shall pursue every available option to identify and secure additional federal funding which may be used for child day care. If sufficient federal funding which may be used for child day care is identified and secured in addition to the amount budgeted for this purpose for the fiscal year beginning July 1, 1998, the single point of access program shall be implemented by April 1, 1999. If the amount of additional federal funding identified and secured is also sufficient for the reimbursement provisions for JOBS program child care assistance to be made consistent with

the reimbursement provisions for state child care assistance, the department shall include this reimbursement change as part of the implementation of the single point of access program.

Sec. 13. 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, 1998, and ending June 30, 1999, 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:	\$	9,360,000
	FTEs	233.22

1. The director of human services, within the limitations of the moneys appropriated in this section, or moneys transferred from the family investment program account 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 fees and other user fees received by the child support recovery unit are appropriated and shall be used for the purposes of the child support recovery program. The director of human services may add positions within the limitations of the amount appropriated for 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 or contract for delivery of services 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 or contract, the positions or contract are necessary to ensure continued federal funding of the program, or the new positions or contract can reasonably be expected to recover at least twice the amount of money necessary to pay the salaries and support for the new positions or the contract will generate at least 200 percent of the cost of the contract.

5. If initiated by the judicial department, the child support recovery unit shall continue to work with the judicial department to determine the feasibility of implementing 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 expend up to \$50,000, including federal financial participation, for the fiscal year beginning July 1, 1998, for a child support public awareness campaign. The department and the office of the attorney general shall cooperate in continuation of the campaign. The public awareness campaign shall emphasize, through a variety of media activities, the importance of maximum involvement of both parents in the lives of their children as well as the importance of payment of child support obligations.

7. The department shall continue the 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. Surcharges paid by obligors and received by the unit as a result of the referral of support delinquency by the child support recovery unit to any private collection agency are appropriated to the department and shall be used to pay the costs of any contracts with the collection agencies.

Sec. 14. 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, 1998, and ending June 30, 1999, 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:

.....	\$	15,397,808
.....	FTEs	349.72

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:

.....	\$	5,990,000
.....	FTEs	136.04

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:

.....	\$	9,407,808
.....	FTEs	213.68

3. During the fiscal year beginning July 1, 1998, the population levels at the state juvenile institutions shall not exceed the population guidelines established under 1990 Iowa Acts, chapter 1239, section 21, as adjusted for additional beds developed at the institutions.

4. A portion of the moneys appropriated in this section shall be used by the state training school and by the Iowa juvenile home for grants for adolescent pregnancy prevention activities at the institutions in the fiscal year beginning July 1, 1998.

5. Within the amount 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. 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, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For child and family services:

.....	\$	96,744,904
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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 \$30,923,872 is allocated as the state-wide expenditure target under section 232.143 for group foster care maintenance and services.

b. (1) If at any time after September 30, 1998, annualization of a region's current expenditures indicates a region is at risk of exceeding its group foster care expenditure target under section 232.143 by more than five percent, the department and juvenile court services shall examine all group foster care placements in that region in order to identify those which might be appropriate for termination. In addition, any aftercare services believed to be needed for the children whose placements may be terminated shall be identified. The department and juvenile court services shall initiate action to set dispositional review hearings for the placements identified. In such a dispositional review hearing, the juvenile court

shall determine whether needed aftercare services are available and whether termination of the placement is in the best interest of the child and the community.

(2) The department shall provide quarterly reports to the judicial department, juvenile court services, the legislative fiscal bureau, and decategorization boards on the number of children placed in group foster care and the amount of expenditure for group foster care by county. The department shall coordinate with the child welfare services work group created in November 1997, by the legislative council and with interested decategorization counties to identify information systems and reports across all services and placements that would support utilization management decisions. The department shall identify the resources needed to develop and implement such a system and its fiscal benefits, and report to the general assembly by February 1, 1999.

c. (1) Of the funds appropriated in this section, not more than \$5,998,227 is allocated as the state match funding for psychiatric medical institutions for children.

(2) The department may transfer all or a portion of the funds allocated in this paragraph for psychiatric medical institutions for children (PMICs) to the appropriation in this Act for medical assistance and shall not amend the managed mental health care contract to include PMICs.

d. Of the funds allocated in this subsection, \$1,392,457 is allocated as the state match funding for 50 highly structured juvenile program beds. If the number of beds provided for in this paragraph is not utilized, the remaining funds allocated may be used for group foster care.

e. For the fiscal years beginning July 1, 1997, and July 1, 1998, the requirements of section 232.143 applicable to the juvenile court and to representatives of the juvenile court shall be applicable instead to juvenile court services and to representatives of juvenile court services. The representatives appointed by the department of human services and by juvenile court services to establish the plan to contain expenditures for children placed in group foster care ordered by the court within the budget target allocated to the region shall establish the plan in a manner so as to ensure the moneys allocated to the region under section 232.141 shall last the entire fiscal year. Funds for a child placed in group foster care shall be considered encumbered for the duration of the child's projected or actual length of stay, whichever is applicable. The department, in cooperation with the juvenile court services representatives, shall develop and implement utilization management criteria for group foster care placements to be used by the department of human services and juvenile court services staff in developing a dispositional recommendation to the juvenile court. The department shall submit a report on the utilization management criteria to the general assembly on or before January 1, 1999.

f. If the medical assistance waiver request for children with mental retardation in out-of-home settings is approved, the department may transfer all or a portion of the funding allocated in this subsection, which is attributable to group foster care ordered for a child with mental retardation or other developmental disability under section 232.182 or 232.183, to the appropriation in this Act for medical assistance.

3. The department shall perform an evaluation of public and private residential treatment programs, including those programs providing highly structured juvenile program beds, family and group foster care and the state juvenile institutions. The evaluation shall include but is not limited to a review of the curriculum and treatment approaches used by the programs, the recidivism rate of juveniles who have completed the programs, and other selected variables, subject to the availability of this information. A report of the evaluation shall be submitted to the general assembly by January 1, 1999.

4. 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.

5. 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.

6. 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 \$275,000 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. The department may extend the contract for an additional two years. 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 the case of a child in the custody of juvenile court services, the state court administrator or administrator's designee acting 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.

7. 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.

8. Notwithstanding section 234.35, subsection 1, for the fiscal year beginning July 1, 1998, state funding for shelter care paid pursuant to section 234.35, subsection 1, paragraph "h", shall be limited to \$7,553,641. The department shall develop a formula, in consultation with the shelter care committee and the judicial department, to allocate shelter care funds to the department's regions. The department may adopt emergency rules to implement this subsection.

9. Of the funds appropriated in this section, not more than \$550,696 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.

10. Of the funds appropriated in this section, up to \$662,955 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.

11. The department may adopt administrative rules following consultation with child welfare services providers 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.

12. Of the funds appropriated in this section, up to \$123,000 may be used to develop, in cooperation with providers of children and family services, juvenile court, and other interested parties, an outcomes-based approach for family-centered, family preservation, family-community-based support, and wrap-around services to evaluate and improve outcomes for children and families. The department shall submit an outcomes-based budget for these programs and shall submit the budget with other budget documents required pursuant to section 8.23. The department may adopt administrative rules to implement this subsection.

13. 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.

14. Federal funds received by the state during the fiscal year beginning July 1, 1998, as the result of the expenditure of state funds appropriated during a previous state fiscal year for a service or activity funded under this section, shall be used as additional funding for services provided under this section. Moneys received by the department in accordance with the provisions of this subsection shall remain available for the purposes designated until June 30, 2000.

15. In addition to the report for group foster care placements, the department shall report quarterly to the legislative fiscal bureau concerning the status of each region's funding expenditures compared with allocations in the regional plan for services provided under this section.

16. The department and juvenile court services shall develop criteria for the department regional administrator and chief juvenile court officer to grant exceptions to extend eligibility, within the funds allocated, for intensive tracking and supervision and for supervised community treatment to delinquent youth beyond age 18 who are subject to release from the state training school, a highly structured juvenile program, or group care. The department shall report the number of such exceptions granted and the related expenditures to the joint appropriations subcommittee on human services on or before January 1, 1999.

17. Of the moneys appropriated in this section, not more than \$731,238 is allocated to provide clinical assessment services as necessary to continue funding of children's rehabilitation services under medical assistance in accordance with federal law and requirements. The funding allocated is the amount projected to be necessary for providing the clinical assessment services.

18. Notwithstanding 1997 Iowa Acts, chapter 208, section 12, subsection 18, the department may extend the existence of the current clinical assessment and consultation teams until October 31, 1998. The department shall develop and implement a new rehabilitative treatment and supportive services authorization model, including a toll-free telephone number for preauthorization on or before November 1, 1998. The new model shall be developed and implemented in a manner so as to streamline the authorization process, to reduce paperwork and other information requirements to the minimum level necessary for compliance with federal requirements, and to ensure timely response to authorization requests. The department may adopt emergency rules to implement the provisions of this subsection.

19. a. It is the intent of the general assembly that the department of human services work with the child welfare services work group created by the legislative council in November 1997 to pursue initiatives to increase receipt of funding under Title IV-E of the federal Social Security Act. For the fiscal year beginning July 1, 1997, the department may expend moneys, not to exceed \$20,000, within the department's budget to contract for consultant services to increase this funding.

b. If additional funding is received under Title IV-E of the federal Social Security Act as a result of administrative activities performed by juvenile court services or community providers, the funding shall be expended as follows:

(1) A portion shall be used by the department to provide technical assistance and to monitor claims submitted by juvenile court services and community providers to ensure that the claims meet federal requirements.

(2) A portion shall be distributed to providers with increased costs incurred from activities to draw the additional funding.

(3) A portion shall be made available to decategorization projects in which additional funding is drawn to be used to pay for activities based on local needs, as determined by the decategorization projects.

c. Any additional funding received under Title IV-E of the federal Social Security Act for field operations or general administration that is not used for field operations or general administration expenditures, shall be transferred for funding of activities under the appropriations in this Act in this section and for court-ordered services provided to juveniles.

Sec. 16. CONNER DECREE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For providing training in accordance with the consent decree of Conner v. Branstad, No. 4-86-CU-30871 (S.D. Iowa, July 14, 1994):

..... \$ 46,000

It is the intent of the general assembly that the admissions requirements of the consent decree shall also be applied to the state university of Iowa hospital-school for children with disabilities. The state board of regents shall submit to the general assembly proposed amendments to chapter 263 to codify the admissions requirements of the consent decree.

Sec. 17. COMMUNITY-BASED PROGRAMS — ADOLESCENT PREGNANCY PREVENTION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, 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:

..... \$ 1,008,000
..... FTE 1.00

1. Funds appropriated in this section shall be used to provide adolescent pregnancy prevention grants which comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, and shall emphasize programs which target the middle school level.

2. It is the intent of the general assembly that the department of human services and the Iowa department of public health shall continue to identify existing abstinence education or community-based programs which comply with the requirements established in section 912, subchapter V, of the federal Social Security Act, as codified in 42 U.S.C. § 701 et seq. for the matching of federal funds.

3. Funds appropriated in this section, shall also be used by the department to provide child abuse prevention grants.

Sec. 18. 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, 1998, and ending June 30, 1999, 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:

..... \$ 3,290,000

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, 1998.

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

* Item veto; see message at end of the Act

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 report detailing the expenditure categories for the spending in the judicial districts for court-ordered services for juveniles in fiscal year 1997-1998. The report shall include utilization of medical assistance funding. The report shall be submitted on or before October 15, 1998, to the persons designated by this Act to receive reports.

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 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 \$100,000 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 \$580,000 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.

9. Federal funding received by the state during the fiscal year beginning July 1, 1998, as the result of the expenditure of state funds appropriated during a previous state fiscal year for a service or activity funded under this section, shall be used as additional funding for services provided under this section. Moneys received by the department in accordance with the provisions of this subsection shall remain available for the purposes designated until June 30, 2000.

Sec. 19. 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, 1998, and ending June 30, 1999, 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:

.....	\$	42,559,619
.....	FTEs	863.77

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

a. State mental health institute at Cherokee:

.....	\$	13,018,054
.....	FTEs	256.62

b. State mental health institute at Clarinda:

.....	\$	6,852,309
.....	FTEs	138.59

c. State mental health institute at Independence:

.....	\$	17,384,500
.....	FTEs	358.73

(1) The state mental health institute at Independence shall continue the pilot project accounting test of managing revenues and expenditures attributable to the mental health institute in a manner that permits the net state expenditure amount to be determined. The mental health institute shall submit an interim report in January 1999, and a final report in October 1999, to the governor and the joint appropriations subcommittee on human services concerning the pilot project. The report shall identify advantages and disadvantages of utilizing the pilot project approach and any changes in policy or statute identified to improve implementation of the pilot project approach.

(2) The state mental health institute at Independence shall establish the 30 psychiatric medical institution for children (PMIC) beds authorized in section 135H.6, as amended by this Act, in a manner which results in no net state expenditure amount in excess of the amount allocated in this lettered paragraph. Counties are not responsible for the costs of PMIC services established pursuant to this paragraph. Subject to the approval of the department, with the exception of revenues required under section 249A.11 to be deposited in the appropriation in this Act for medical assistance, revenues attributable to the PMIC beds established under this subparagraph for the fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be deposited in the institute's account, including but not limited to any of the following revenues:

- (a) The federal share of medical assistance revenue received under chapter 249A.
- (b) Moneys received through client participation.
- (c) Any other revenues directly attributable to the PMIC beds.
- d. State mental health institute at Mount Pleasant:

.....	\$	5,304,756
.....	FTEs	109.83

(1) Funding is provided in this paragraph for the mental health institute at Mount Pleasant to implement a dual diagnosis mental health and substance abuse program on a net budgeting basis in which 50 percent of the actual per diem cost is chargeable to the patient's county of legal settlement or as a state case, as appropriate. Subject to the approval of the department, revenues attributable to the dual diagnosis program for the fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be deposited in the institute's account, including but not limited to all of the following revenues:

- (a) Moneys received by the state from billings to counties under section 230.20.
- (b) Moneys received from billings to the Medicare program.
- (c) Moneys received from a managed care contractor providing services under contract with the department or any private third party payer.
- (d) Moneys received through client participation.
- (e) Any other revenues directly attributable to the dual diagnosis program.

(2) The following additional provisions are applicable in regard to the dual diagnosis program:

- (a) A county may split the charges between the county's mental health, mental retardation, and developmental disabilities services fund and the county's budget for substance abuse expenditures.

(b) If an individual is committed to the custody of the department of corrections at the time the individual is referred for dual diagnosis treatment, the department of corrections shall be charged for the costs of treatment.

(c) Prior to an individual's voluntary admission for dual diagnosis treatment, the individual shall have been screened through a county's single entry point process to determine the appropriateness of the treatment.

(d) A county shall not be chargeable for the costs of treatment for an individual enrolled in and authorized by or decertified by a managed behavioral care plan under the medical assistance program.

(3) The department shall work with the Iowa state association of counties in reviewing the reimbursement methodology provided in this lettered paragraph to determine whether modifications in the methodology or implementation of an alternate methodology are appropriate. The department shall report on the review in December 1998 to the persons required by this Act for submission of reports.

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.

4. For the fiscal year beginning July 1, 1998, in addition to the net budgeting requirements under this section, each state mental health institute shall implement a net budgeting accounting test of managing revenues and expenditures attributable to the mental health institute in a manner that permits the net state expenditure amount to be determined. Each mental health institute shall submit a preliminary report in January 1999, and a status report in October 1999, to the governor and to the persons required to be submitted reports by this Act. The preliminary and status reports shall identify advantages and disadvantages of utilizing the net budgeting approach and any changes in policy or statute recommended to improve implementation of the approach.

Sec. 20. 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, 1998, and ending June 30, 1999, 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:

.....	\$	3,962,923
.....	FTEs	1,514.51

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

a. State hospital-school at Glenwood:

.....	\$	2,399,644
.....	FTEs	852.75

b. State hospital school at Woodward:

.....	\$	1,563,279
.....	FTEs	661.76

2. a. The department shall continue the pilot project of operating the hospital-school at Glenwood with a net general fund appropriation and shall implement the project at the state hospital-school at Woodward. The amounts allocated in this paragraph are the net amounts of state moneys projected to be needed for the state hospital-schools. The purposes of the pilot project are to encourage the hospital-schools to operate with increased self-sufficiency, to improve quality and efficiency, and to support collaborative efforts between the hospital-schools and counties and other funders of services available from the hospital-schools. The project shall not be implemented in a manner which results in a cost

increase to the state or cost shifting between the state, the medical assistance program, counties, or other sources of funding for the state hospital-schools. Moneys allocated in subsection 1 may be used throughout the fiscal year in the manner necessary for purposes of cash flow management, and for purposes of cash flow management the hospital-schools may temporarily draw more than the amount allocated, provided the amount allocated is not exceeded at the close of the fiscal year.

b. For purposes of calculating the hospital-schools' August 31, 1999, year-end balance at the close of the 1998-1999 fiscal year, the department shall include county receivables billed but not yet received. However, only receipts received within 90 days of being billed for fiscal year 1998-1999 services shall be included. The state hospital-school at Woodward may draw upon the general fund of the state in an amount equal to the receivables amount which is not received.

c. Subject to the approval of the department, except for revenues under section 249A.11, revenues attributable to the state hospital-schools for the fiscal year beginning July 1, 1998, shall be deposited into each hospital-school's account, including but not limited to all of the following:

- (1) Moneys received by the state from billings to counties under section 222.73.
- (2) The federal share of medical assistance revenue received under chapter 249A.
- (3) Federal Medicare program payments.
- (4) Moneys received from client financial participation.
- (5) Other revenues generated from current, new, or expanded services which the state hospital-school is authorized to provide.

d. In the 1998-1999 fiscal year of the project, the institution's report shall include a listing detailing the items for which depreciation reimbursement funds would have been utilized if the depreciation reimbursement had been retained by the institution. This listing shall be included with the report submitted pursuant to this subsection.

e. For the purposes of allocating the salary adjustment fund moneys appropriated in another Act, the state hospital-schools shall be considered to be funded entirely with state moneys.

f. Each state hospital-school and the department shall submit a preliminary report in January 1999, and a status report in October 1999, to the governor and the joint appropriations subcommittee on human services concerning the project.

3. 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.

4. The department may implement a pilot project to bill for state hospital-school services utilizing a scope of services approach used for private providers of ICFMR services, in a manner which does not shift costs between the medical assistance program, counties, or other sources of funding for the state hospital-schools.

5. The state hospital-schools may expand the time limited assessment and respite services during the fiscal year.

Sec. 21. 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, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental illness special services:

..... \$ 121,220

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. 22. 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, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used by the division of children and family services for the purpose designated:

For the family support subsidy program:

..... \$ 1,710,000

The department may use up to \$200,000 of the moneys appropriated in this section to continue the children-at-home program, of which not more than \$20,000 shall be used for administrative costs.

Sec. 23. 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, 1998, and ending June 30, 1999, 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

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. 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. 24. 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, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose 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:

..... \$ 8,594,500

1. If a county has a county management plan which is approved by the director of human services pursuant to section 331.439, the services paid for under this section are exempt from the department's purchase of service system requirements. The department shall adopt rules to implement the provisions of this paragraph.

2. Of the moneys appropriated in this section, up to \$174,000 is allocated for the costs of the reimbursement increase provided in the reimbursement section of this Act for sheltered work, work activity, supported employment, supported work training, and adult residential services paid by the state under a state purchase of social services contract.

Sec. 25. 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, 1998, and ending June 30, 1999, 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:

..... \$ 17,560,000

1. Of the funds appropriated in this section, \$17,530,000 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, as described in rules adopted by the department.

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. a. Funding appropriated for purposes of the federal social services block grant 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 the county's approved county management plan. A county without an approved county management plan shall not receive allocated funds until the county's management plan is approved.

c. 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 of services in the preceding fiscal year.

5. A county is eligible for funds under this section if the county qualifies for a state payment as described in section 331.439.

Sec. 26. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For distribution to counties of the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment, in accordance with section 331.438, subsection 2, and section 331.439, subsection 3:

..... \$ 18,126,362

For the fiscal year beginning July 1, 1999, the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment shall be 2.48 percent.

Sec. 27. PERSONAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

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

..... \$ 364,000

1. The funds appropriated in this section shall be used to continue the pilot project for the personal assistance services program under section 225C.46 in an urban and a rural area. Not more than \$36,400 shall be used for administrative costs. The pilot project and any federal home and community-based waiver developed under the medical assistance program shall not be implemented in a manner which would require additional county or state costs for assistance provided to an individual served under the pilot project or the waiver.

2. It is the intent of the general assembly that for any new applicants for personal assistance, priority shall be given to providing assistance to individuals for education, job training, and other forms of employment support. It is also the intent of the general assembly that if other programs become available which provide similar services, current recipients of personal assistance for whom these similar services are appropriate shall be assisted in attaining eligibility for these programs.

3. Notwithstanding section 8.33, any funds remaining unexpended on June 30 of any fiscal year shall not revert to the general fund of the state but shall remain available to provide personal assistance payments in the succeeding fiscal year.

Sec. 28. 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, 1998, and ending June 30, 1999, 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:

.....	\$	49,600,000
.....	FTEs	2,084.00

If a resignation, retirement, or dismissal reducing the number of full-time equivalent positions responsible for mental health or mental retardation services in a local office of the department causes the county to which the local office is assigned to assume responsibilities previously performed by the department's positions, the department shall reimburse the county for the increase in costs connected with the responsibilities assumed.

Sec. 29. 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, 1998, and ending June 30, 1999, 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:

.....	\$	15,271,693
.....	FTEs	388.00

1. Of the funds appropriated in this section, \$57,000 is allocated for the prevention of disabilities policy council established in section 225B.3.

2. Of the funds appropriated in this section, \$129,971 for the fiscal year beginning July 1, 1998, shall be transferred directly to the state university of Iowa for the university-affiliated program for the support of Iowa creative employment options (CEO).

3. If an expenditure reduction or other cost-saving measure is deemed necessary to maintain expenditures within the amount appropriated to the department in this section, the department shall not implement the reduction or other measure in a manner which reduces service funding for disability rehabilitation programs, including but not limited to, state-wide supported employment programs or reduces the drawdown of federal funding.

Sec. 30. VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For development and coordination of volunteer services:

.....	\$	118,500
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Sec. 31. SEXUALLY VIOLENT PREDATORS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For costs associated with the commitment and treatment of sexually violent predators including transfer of an amount, as determined by the department and the office of the attorney general, to the office of the attorney general for associated costs including not more than 2.0 full-time equivalent positions, one of which shall be an attorney, in the department of justice:

..... \$ 500,000

Sec. 32. 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, 1998, the rate for skilled nursing facilities shall be increased by 2 percent over the rates in effect on June 30, 1998.

b. Beginning January 1, 1999, the rate for pharmacist services shall be increased by two percent over the rate in effect on June 30, 1998. The reimbursement policy for drug product costs shall be in accordance with federal requirements.

c. For the fiscal year beginning July 1, 1998, reimbursement rates for inpatient and outpatient hospital services shall remain the same as the rates in effect on June 30, 1998. 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 if made pursuant to the prospective payment methodology developed by the department for the payment of outpatient services provided under the medical assistance program.

d. Reimbursement rates for rural health clinics, hospices, and acute mental hospitals shall be increased in accordance with increases under the federal Medicare program or as supported by their Medicare audited costs.

e. Reimbursement rates for home health agencies shall be limited to a two percent increase over the rate in effect on June 30, 1998. The department shall, in consultation with provider representatives, study alternative reimbursement methodologies.

f. 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, 1998, 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 for the fiscal year beginning July 1, 1998, and within the appropriation for medical assistance as a whole for the fiscal year beginning July 1, 1998, the department shall adjust the maximum medical assistance reimbursement for nursing facilities to the 70th percentile, as calculated on December 31, 1998, unaudited compilation of cost and statistical data and the adjustment shall take effect January 1, 1999.

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

h. Beginning July 1, 1998, the reimbursement for dental services shall be increased by two percent over the rates in effect on June 30, 1998. Beginning January 1, 1999, the reimbursement for dental services shall be increased by an additional two percent over the rates in effect on December 31, 1998.

i. For the fiscal year beginning July 1, 1998, unless otherwise specified in this Act, all noninstitutional medical assistance provider reimbursements shall be increased by 2 percent over the rates in effect on June 30, 1998. In addition, \$39,157 of the moneys appropriated in this Act for medical assistance shall be used to increase rates paid to community mental health centers to a level equal to the level paid by other payers.

j. When applying the reimbursement rate increases for pharmacist, physician, chiropractic, and dental services and durable medical equipment under this subsection, the department shall, in consultation with provider representatives, place a priority on primary and preventive care. The department shall, in consultation with provider representatives

* Item veto; see message at end of the Act

review the existing reimbursement methodology including the issues of access, utilization, and sufficiency of the current reimbursement rates. A report of the findings of the review and any recommendations shall be submitted to the general assembly by January 1, 1999.

2. For the fiscal year beginning July 1, 1998, the maximum cost reimbursement rate for residential care facilities reimbursed by the department shall not be less than \$23.26 per day for the time period of July 1, 1998, through December 31, 1998, and shall not be less than \$23.83 per day for the time period of January 1, 1999, through June 30, 1999. The flat reimbursement rate for facilities electing not to file semiannual cost reports shall not be less than \$16.64 per day for the time period of July 1, 1998, through December 31, 1998, and shall not be less than \$17.05 per day for the time period of January 1, 1999, through June 30, 1999. For the fiscal year beginning July 1, 1998, the maximum reimbursement rate for providers reimbursed under the in-home health-related care program shall not be less than \$447.16 per month for the time period of July 1, 1998, through December 31, 1998, and shall not be less than \$458.20 per month for the time period of January 1, 1999, through June 30, 1999.

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, 1997.

4. Notwithstanding section 234.38, in the fiscal year beginning July 1, 1998, the foster family basic daily maintenance rate and the maximum adoption subsidy rate for children ages 0 through 5 years shall be \$13.45, the rate for children ages 6 through 11 years shall be \$14.25, the rate for children ages 12 through 15 years shall be \$15.96, and the rate for children ages 16 and older shall be \$15.96.

5. For the fiscal year beginning July 1, 1998, the maximum reimbursement rates for adoption and independent living services shall be increased by two percent over the rates in effect on June 30, 1998. The maximum reimbursement rates for other social service providers shall be the same as the rates in effect on June 30, 1998. However, the rates may be adjusted under any of the following circumstances:

a. If a new service was added after June 30, 1998, 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 as part of the changes in the mental health and developmental disabilities services system initiated pursuant to 1995 Iowa Acts, chapter 206, and associated legislation.

d. For the fiscal year beginning July 1, 1998, the reimbursement rates for sheltered work, work activity, supported employment, supported work training, and adult residential services established by the state under a state purchase of social services contract shall be increased by three percent over the rates in effect on June 30, 1998.

6. Of the moneys appropriated in this Act for child and family services, \$1,261,875 is allocated to provide for a reimbursement increase to rehabilitative treatment and support services providers. The department shall distribute the increase as negotiated. However, if a provider previously elected to not negotiate the provider's reimbursement, the department shall allow that provider to negotiate for reimbursement.

7. 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.

8. For the fiscal year beginning July 1, 1998, 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 \$78.14

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 \$78.14, the department shall readjust the provider's reimbursement rate to the maximum reimbursement rate.

9. For the fiscal year beginning July 1, 1998, the department shall calculate reimbursement rates for intermediate care facilities for persons with mental retardation at the 80th percentile.

10. For the fiscal year beginning July 1, 1998, for child day care providers, the department shall set provider reimbursement rates based on the rate reimbursement survey completed in December 1996. The department shall set rates in a manner so as to provide incentives for a nonregistered provider to become registered.

11. For the fiscal year beginning July 1, 1998, the reimbursement rate for psychiatric medical institutions for children (PMICs) shall be increased by 2 percent over the rates in effect on June 30, 1998.

12. If the Iowa empowerment board is established, the board shall develop and implement a plan, in cooperation with maternal child health clinics, school nurses, and other affected providers, to ensure attendance of health care appointments, with an emphasis on attendance of dental appointments, by medical assistance recipients.

13. The department shall review the appropriateness and the level of the reimbursement provided for home infusion therapy and shall determine the number of providers who are being reimbursed below the actual cost of durable medical equipment and supplies under the medical assistance program and shall submit a report of the findings of the review to the general assembly by January 1, 1999.

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

Sec. 33. MOTOR VEHICLE LICENSE REINSTATEMENT PENALTY — DEPOSIT AND APPROPRIATION. Notwithstanding the deposit provisions of sections 321.218A and 321A.32A, moneys collected during the fiscal year beginning July 1, 1998, and ending June 30, 1999, by the state department of transportation pursuant to those sections shall be deposited to the credit of the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, and are appropriated as follows:

1. The first \$1,000,000 is appropriated and shall be used for the establishment, improvement, operation, and maintenance of county or multicounty juvenile detention homes. Moneys appropriated in this subsection shall be allocated among eligible detention homes, prorated on the basis of an eligible detention home's proportion of the costs of all eligible detention homes in the previous fiscal year. Notwithstanding section 232.142, subsection 3, the financial aid payable by the state under that provision for the fiscal year beginning July 1, 1998, shall be limited to the amount appropriated in this subsection.

2. Moneys in excess of \$1,000,000 are appropriated to the judicial districts and allocated as determined by the state court administrator to be used by the judicial districts pursuant to recommendations of the planning group for court-ordered services for juveniles provided in each judicial district which were established pursuant to 1991 Iowa Acts, chapter 267, section 119. Moneys allocated pursuant to this subsection shall be used for the improvement, expansion, construction, and operation of runaway assessment facilities, runaway assessment services, and juvenile delinquency prevention and intervention services.

Sec. 34. FULL-TIME EQUIVALENT POSITIONS. Of the full-time equivalent positions (FTEs) appropriated for in this Act, 19.61 FTEs represent the transition of personnel services contractors to full-time equivalent position status. The merit system provisions of chapter 19A, collective bargaining agreement provisions of chapter 20, and the state and union collective bargaining agreements, as these relate to the filling of positions, shall not govern movement of these 19.61 FTEs into the full-time equivalent position status during the period beginning July 1, 1998, and ending August 31, 1998.

Sec. 35. STATE INSTITUTIONS — CLOSINGS AND REDUCTIONS.

1. 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 any closed unit or other facilities and services of an institution, including but not limited to assisting public or private organizations in utilizing the services and facilities. The actions may also include assisting an organization with remodeling and lease costs by forgiving future rental or lease payments to the extent necessary for a period not to exceed five years. The department of human services and the department of economic development shall submit a joint report to the chairpersons and ranking members of the joint appropriations subcommittee on human services on or before January 2, 1999, regarding any efforts made pursuant to this subsection.

2. For purposes of this section, "state institution" means a state mental health institute, a state hospital-school, the state training school, and the Iowa juvenile home under the authority of the department of human services listed in section 218.1.

Sec. 36. TRANSFER AUTHORITY. Subject to the provisions of section 8.39, for the fiscal year beginning July 1, 1998, if necessary to meet federal maintenance of effort requirements or to transfer federal temporary assistance for needy families block grant funding to be used for purposes of the federal social services block grant, the department of human services may transfer between any of the appropriations made in this Act and appropriations in law for the federal social services block grant to the department for the following purposes, provided that the combined amount of state and federal temporary assistance for needy families block grant funding for each appropriation remains the same before and after the transfer:

1. For the family investment program.
2. For emergency assistance.
3. For child day care assistance.
4. For child and family services.
5. For field operations.
6. For general administration.
7. MH/MR/DD/BI community services (local purchase).

This section shall not be construed to prohibit existing state transfer authority for other purposes.

Sec. 37. CONFIDENTIALITY. The department of human services, in cooperation with other state agencies, shall develop recommendations to improve the sharing of information, including confidential information, relative to individuals receiving services or assistance from the department or another state agency, to improve coordination of services and assistance. The department shall submit a report of the recommendations to the general assembly on or before December 15, 1998.

Sec. 38. CHILD ABUSE ASSESSMENT IMPLEMENTATION. Notwithstanding the requirements of 1997 Iowa Acts, chapter 35, section 232.71A, Code Supplement 1997, sections 232.71B and 232.71C, Code 1997, and the repeal of section 232.71, Code Supplement 1997, for the period beginning July 1, 1998, and ending September 1, 1998, the department shall continue to respond to a report of child abuse in Polk county in accordance with the provisions of section 232.71, Code Supplement 1997. For this period, in Polk county the department shall continue to apply the rules adopted for responding to a report of child abuse under section 232.71, Code Supplement 1997.

Sec. 39. SUPPORTING FAMILIES OF CHILDREN WITH A DEVELOPMENTAL DISABILITY.

1. The department of human services shall develop a program supporting families of children with mental retardation or other developmental disability. The program shall

provide medical assistance case management for those who are eligible, or case management by the department's field services staff for those who are not eligible for medical assistance. The program shall be designed for administrative simplicity with a minimal amount of paperwork required for program participants and service providers.

2. The program shall be directed to children who are eligible for any of the following:

a. Intermediate care facility for persons with mental retardation services.

b. Medical assistance home and community-based waiver for persons or children with mental retardation services.

c. Voluntary foster care placement under section 232.182 or 232.183.

d. Family support subsidy under section 225C.38.

3. Subject to applicable federal requirements, restrictions in this section, and the amount of state funding appropriated, the department may decategorize and transfer for purposes of the program created pursuant to this section any of the state funding appropriated for a program, service, or placement listed in subsection 2. The decategorized state funding may be used to provide any of the services listed in subsection 2 which will best meet the needs of both the child and the child's family.

4. The department may adopt emergency rules to implement the provisions of this section. The rules adopted by the department for the program shall not require a family or a family member receiving a family support subsidy payment or medical assistance home and community-based waiver services, at the time of the program's implementation, to reapply, lose a waiver slot, or otherwise change eligibility requirements applicable to the family or a family member, except as otherwise provided by law.

5. The program shall be implemented on or before June 30, 1999. The department shall make an initial report concerning the program's implementation during the 1999 legislative session and a final report prior to implementation of the program. The department shall submit proposed legislation for codification of the program in accordance with section 2.16 for consideration by the general assembly during the 2000 legislative session.

Sec. 40. JUVENILE DETENTION HOMES. If during the fiscal year beginning July 1, 1998, and ending June 30, 1999, the moneys collected by the state department of transportation pursuant to sections 321.218A and 321A.32A, to be distributed under law for use in the establishment, improvement, operation, and maintenance of county or multicounty juvenile detention homes, are projected to be less than \$1,000,000, the department of human services shall transfer, in accordance with the requirements of section 8.39, an amount sufficient to ensure \$1,000,000 is actually distributed to such homes during the fiscal year.

Sec. 41. NET STATE BUDGETING REVENUES. Notwithstanding section 8.33, revenues generated by and moneys appropriated to the state hospital-school at Glenwood pursuant to 1997 Iowa Acts, chapter 208, section 17, and the provisions of this Act, which are unexpended or unobligated, shall not revert to any fund at the close of a fiscal year but shall remain available for expenditure by the state hospital-school in the succeeding fiscal year. Notwithstanding section 8.33, revenues generated by and moneys appropriated to the state hospital-school at Woodward pursuant to the provisions of this Act shall not revert to any fund at the close of a fiscal year but shall remain available for expenditure by the state hospital-school in the succeeding fiscal year.

Sec. 42. CONTRACTS — PENALTIES. For the fiscal year beginning July 1, 1998, and ending June 30, 1999, any contract with a value which exceeds \$150,000 entered into by the department of human services shall include a provision to assess a penalty for failure to meet performance expectations, noncompliance, or any other breach of contract, in addition to any other remedy under law.

Sec. 43. FINANCIAL ASSISTANCE SERVICES.

1. For purposes of this section, "financial assistance services" means services or other assistance provided under one or more of the following programs administered by the

* Item veto; see message at end of the Act

department of human services: family investment program, PROMISE JOBS program, medical assistance program, food stamp program, state child care assistance program, refugee cash assistance program, emergency assistance program, and child support recovery program.

2. During the period beginning May 1, 1998, and ending June 30, 1999, the department of human services may conduct a pilot program or pilot programs for provisions of financial assistance services.

3. Any pilot program conducted in accordance with this section shall be designed to meet one or more of the following financial assistance services goals:

a. A reduction in paperwork for applicants and recipients of services, or staff, or both.

b. Streamlining or expediting the eligibility determination process, to decrease the length of time it takes to inform applicants for financial assistance services as to the disposition of their request for the services.

c. Streamlining or expediting the referral process for family investment program applicants and recipients to other financial assistance services such as PROMISE JOBS or child support recovery, so that referrals can be initiated in a more timely manner in order to help move applicants and recipients more quickly to economic self-sufficiency or toward reduced reliance on government assistance.

d. Improved coordination of the management of financial assistance services as applicants for and recipients of the services work toward economic self-sufficiency.

e. Identification of policies, procedures, and practices that could be altered or eliminated without materially affecting the desired results for the family assistance services.

4. Any pilot program conducted in accordance with this section is subject to the following limitations and parameters:

a. Notwithstanding any administrative rule, that is not based in federal law, the department may alter policies, procedures, and practices to waive the administrative rule, that are based in state law, provided that the alterations do not decrease an applicant's or recipient's choice of, or ability to obtain, financial assistance services from the department in comparison with the financial assistance services that would otherwise be available. The department may operate one or more pilot projects under this paragraph, in not more than eight counties.

b. If the department obtains a waiver of federal law or regulation, the department may alter policies, procedures, and practices that are based in federal law, provided that the alterations do not decrease an applicant's or recipient's choice of, or ability to obtain, financial assistance services from the department in comparison with the financial assistance services that would otherwise be available. The department may operate one or more projects under this paragraph, in not more than eight counties.

c. In order to facilitate rapid implementation, except as provided in paragraph "d", any pilot program authorized under this section is exempt from the rulemaking procedures and rulemaking requirements of chapter 17A. However, following development of the pilot program, the department shall provide a list of the laws or rules being waived to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the administrative rules review committee, the administrative rules coordinator, the legislative fiscal bureau, and the legislative service bureau. In implementing a pilot program under this section, the department shall take steps to make applicants and recipients of services aware of their choices, expectations, rights, and responsibilities.

d. The department shall adopt emergency rules establishing a framework for the pilot projects implemented under this section. The rules shall identify the participating counties, the maximum duration of each pilot project, and generally describe the scope and nature of each pilot project. Within this framework, the department retains broad discretion to revise a pilot project without further rulemaking describing the revision.

Sec. 44. SEXUALLY VIOLENT PREDATORS. The department of human services and the department of corrections shall work with the office of the attorney general in jointly

establishing a task force for identifying the population of persons deemed to be sexually violent predators and to develop options appropriate for addressing public safety concerns associated with this population. The task force deliberations shall incorporate the provisions of any initial program created by law for the commitment and treatment of sexually violent predators. The task force may consult with qualified mental health professionals, corrections professionals, prosecutors, and others experienced in the assessment and treatment of this population. The task force shall consider currently available treatment options, the prevalence of subpopulations which present a high risk of reoffending upon release, and the percentage of the existing criminal sex offender population which is not amenable to treatment under currently known methods. The task force shall identify any treatment methods known to have success in treating this population and subpopulations as well as the costs associated with those methods, develop a proposal for state-of-the-art treatment of sexually violent predators, and develop a plan describing possible use of treatment resources together with options for intensive monitoring upon release. The task force report shall be submitted on or before January 1, 1999, to the members of the joint appropriations subcommittees on human services and on the justice system.

Sec. 45. **DEPENDENT ADULT ABUSE ASSESSMENT.** The department of human services, in consultation with the department of elder affairs and the governor's planning council for development disabilities, shall develop an assessment-based approach to respond to dependent adult abuse reports made pursuant to section 235B.3. The approach shall be developed in the fiscal year beginning July 1, 1998.

Sec. 46. **FRAUD AND RECOUPMENT ACTIVITIES.** During the fiscal year beginning July 1, 1998, notwithstanding the restrictions in section 239B.11, the department of human services may expend recovered moneys generated through fraud and recoupment activities for additional fraud and recoupment activities performed by the department of human services or the department of inspections and appeals, subject to both of the following conditions:

1. The director of human services or the director of inspections and appeals determines that the investment can reasonably be expected to increase recovery of assistance paid in error, due to fraudulent or nonfraudulent actions, in excess of the amount recovered in the fiscal year beginning July 1, 1997.

2. The amount expended for the additional fraud and recoupment activities shall not exceed the amount of the projected increase in assistance recovered.

Sec. 47. **MEDICAL AND SURGICAL TREATMENT OF INDIGENT PERSONS — STUDY.** The legislative council is requested to establish a 1998 legislative interim committee to review the medical and surgical treatment of indigent persons in the state through the university of Iowa hospitals and clinics under chapter 255 and 255A. The review should include but is not limited to the programs and services provided and the possibility of providing these programs and services at alternative locations throughout the state.

Sec. 48. **HAWK-I TRUST FUND.**

1. If House File 2517 is enacted by the Seventy-seventh General Assembly, 1998 Session,* a HAWK-I trust fund is created in the state treasury under the authority of the department of human services, in which all state appropriations shall be deposited and used to carry out the purposes of chapter 514I. Other revenues of the program such as grants, contributions, and participant payments shall not be considered revenue of the state, but rather shall be funds of the program.

2. The trust fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state. The moneys in the trust fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in chapter 514I. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the trust fund shall be credited to the trust fund.

* See chapter 1196 herein

DIVISION II — DOMESTIC VIOLENCE OPTION

Sec. 49. DOMESTIC VIOLENCE OPTION. The provisions of this Division relating to domestic violence provide for the state of Iowa's implementation of the domestic violence option under 42 U.S.C. § 602(a)(7).

Sec. 50. Section 239B.2, subsection 6, Code Supplement 1997, is amended to read as follows:

6. COOPERATION WITH CHILD SUPPORT REQUIREMENTS. The department shall provide for prompt notification of the department's child support recovery unit if assistance is provided to a child whose parent is absent from the home. An applicant or participant shall cooperate with the child support recovery unit and the department as provided in 42 U.S.C. § 608(a)(2) unless the applicant or participant qualifies for good cause or other exception as determined by the department in accordance with the best interest of the child, parent, or specified relative, and with standards prescribed by rule. The authorized good cause or other exceptions shall include participation in a family investment agreement safety plan option to address or prevent family or domestic violence and other consideration given to the presence of family or domestic violence. If a specified relative with whom a child is residing fails to comply with these cooperation requirements, a sanction shall be imposed as defined by rule in accordance with state and federal law.

Sec. 51. Section 239B.4, Code Supplement 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. The department shall develop and use a screening tool for determining the likely presence of family and domestic violence affecting applicant and participant families. The department shall require the use of the screening tool by trained employees.

Sec. 52. Section 239B.8, subsection 2, Code Supplement 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. Participation in a safety plan to address or prevent family or domestic violence. The safety plan may include a temporary waiver period from required participation in the JOBS program or other employment-related activities, as appropriate for the situation of the applicant or participant. All applicants and participants shall be informed regarding the existence of this option. Participation in this option shall be subject to review in accordance with administrative rule.

Sec. 53. ELIGIBILITY FOR IMMIGRANTS SUBJECTED TO EXTREME CRUELTY. The department shall include in the temporary assistance for needy families state plan a provision of family investment program eligibility for immigrants who are qualified aliens under the provisions of 8 U.S.C. § 1641(c) regarding immigrants who have been battered or subjected to extreme cruelty. The department shall adopt administrative rules as necessary to implement the provisions of this section.

Sec. 54. APPLICABILITY. The department of human services shall field test the screening tool requirements of section 239B.4, subsection 2A, as enacted by this Division, in both urban and rural areas during the fiscal year beginning July 1, 1998, and shall apply the requirements statewide beginning July 1, 1999.

DIVISION III — FIP LIMITED BENEFIT PLANS

Sec. 55. Section 239B.9, subsection 1, Code Supplement 1997, is amended to read as follows:

1. GENERAL PROVISIONS.

a. If a participant responsible for signing and fulfilling the terms of a family investment agreement, as defined by the director of human services in accordance with section 239B.8,

chooses not to sign or fulfill the terms of the agreement, the participant's family, or the individual participant shall enter into a limited benefit plan. A limited benefit plan shall apply for the period of time specified in this section. The first month of the limited benefit plan is the first month after the month in which timely and adequate notice of the limited benefit plan is given to the participant as defined by the director of human services. A participant who is exempt from the JOBS program but who volunteers for the program is not subject to imposition of a limited benefit plan. The elements of a limited benefit plan shall be specified in the department's rules.

b. For purposes of this lettered paragraph, "significant contact with or action in regard to the JOBS program" means the individual participant communicates to the JOBS program worker the desire to engage in JOBS program activities, signs a new or updated family investment agreement, and takes any other action required by the department in accordance with rules adopted for this purpose. A limited benefit plan applied in error shall not be considered to have been applied. A limited benefit plan is applicable to the individual participant choosing the limited benefit plan and to the individual participant's family members to which the plan is applicable under subsection 2. A limited benefit plan shall either be a first limited benefit plan or a subsequent limited benefit plan. A limited benefit plan shall be applied as follows:

(1) A first limited benefit plan shall provide for continuing ineligibility for assistance until the individual participant completes significant contact with or action in regard to the JOBS program.

(2) A limited benefit plan subsequent to a first limited benefit plan chosen by the same individual participant shall provide for a six-month period of ineligibility beginning with the effective date of the limited benefit plan and continuing indefinitely following the six-month period until the individual participant completes significant contact with or action in regard to the JOBS program.

(3) For a two-parent family in which both parents are responsible for a family investment agreement, a first or subsequent limited benefit plan shall remain applicable until both parents complete significant contact with or action in regard to the JOBS program. A limited benefit plan applied to the same two-parent family shall be a subsequent limited benefit plan.

Sec. 56. Section 239B.9, subsection 2, paragraphs a and b, Code Supplement 1997, are amended to read as follows:

a. PARENT. If the participant responsible for the family investment agreement is a parent or a specified relative, ~~for a first limited benefit plan, the participant's family is eligible for up to three months of reduced assistance based on the needs of the children only the limited benefit plan is applicable to the entire participant family. At the end of the three month period of reduced assistance, the family becomes ineligible for assistance for a six month period. For a second or subsequent limited benefit plan chosen by the same participant, a six month period of ineligibility applies beginning with the effective date of the limited benefit plan.~~ If the family reapplies for assistance after a six month ~~an~~ ineligibility period, eligibility shall be established in the same manner as for any other new applicant. ~~A limited benefit plan imposed in error shall not be considered a first limited benefit plan.~~

b. NEEDY RELATIVE PAYEE. If the participant choosing a limited benefit plan is a needy relative who acts as payee when the parent is in the home but is unable to act as payee, or is a dependent child's stepparent whose needs are included in the assistance because of incapacity or caregiving, the limited benefit plan shall apply only to the individual participant choosing the plan. ~~The individual participant choosing the limited benefit plan is ineligible for nine months from the effective date of the limited benefit plan. For a second or subsequent limited benefit plan chosen by the same individual participant, a six month period of ineligibility applies beginning with the effective date of the limited benefit plan.~~

Sec. 57. Section 239B.9, subsection 2, paragraph e, subparagraph (1), Code Supplement 1997, is amended to read as follows:

(1) If the parent or specified relative responsible for a family investment agreement meets the responsibilities of the family investment agreement but a child who is a mandatory JOBS program participant chooses an individual limited benefit plan, the family is eligible for reduced assistance during the child's limited benefit plan. ~~However, the child, as part of the family, is ineligible for nine months for a first limited benefit plan and six months for a second or subsequent limited benefit plan.~~

Sec. 58. Section 239B.9, subsection 2, paragraph g, Code Supplement 1997, is amended to read as follows:

g. TWO PARENTS. If the participant family includes two parents, a limited benefit plan shall be applied as follows:

(1) If only one parent of a child in the family is responsible for a family investment agreement and that parent chooses the limited benefit plan, the limited benefit plan cannot be ended by the voluntary participation in a family investment agreement by the exempt parent. ~~However, the exempt parent may continue to be included in the participant family's grant during the three-month reduced assistance period by volunteering to participate in the JOBS family investment program-unemployed parent work program. If a second or subsequent limited benefit plan is chosen by either parent, the family becomes ineligible for a six-month period beginning with the effective date of the limited benefit plan. If the parent responsible for the family investment agreement chooses a limited benefit plan, the limited benefit plan applies to the entire family.~~

(2) If both parents of a child in the family are responsible for a family investment agreement, both parents shall sign the agreement. If either parent chooses the limited benefit plan, the limited benefit plan cannot be ended by the participation of the other parent in a family investment agreement. ~~However, the other parent may continue to be included in the family's grant during the three-month reduced assistance period by participating in the JOBS family investment program-unemployed parent work program. If a second or subsequent limited benefit plan is chosen by either parent, the family becomes ineligible for a six-month period beginning with the effective date of the limited benefit plan.~~

(3) If the parents from a two-parent family in a limited benefit plan separate, the limited benefit plan shall follow only the parent who chose the limited benefit plan and any children in the home of that parent.

Sec. 59. Section 239B.9, subsection 3, paragraph a, Code Supplement 1997, is amended to read as follows:

a. A participant who does not establish an orientation appointment with the JOBS program or who fails to keep or reschedule an orientation appointment shall receive a reminder letter which informs the participant that those who do not attend orientation have elected to choose a limited benefit plan. A participant who chooses not to respond to the reminder letter within ten calendar days from the mailing date shall receive notice establishing the effective date of the limited benefit plan, ~~the beginning date of the period of reduced assistance, and the beginning and ending dates of the six-month period of ineligibility.~~ If a participant is deemed to have chosen a limited benefit plan, timely and adequate notice provisions, as determined by the director of human services, shall apply.

Sec. 60. Section 239B.9, subsections 4, 5, and 6, Code Supplement 1997, are amended to read as follows:

4. RECONSIDERATION. A participant who chooses a limited benefit plan may reconsider that choice as follows:

a. A participant who chooses a first limited benefit plan ~~rather than sign a family investment agreement shall have the entire three-month period of reduced assistance~~ may reconsider at any time following the effective date of the limited benefit plan ~~to reconsider and begin development of the family investment agreement.~~ The participant may contact the department or the appropriate JOBS program office any time ~~during the first three months of the limited benefit plan~~ to begin the reconsideration process. ~~Although family investment~~

~~program assistance shall not begin until the participant signs a family investment agreement during the JOBS program orientation and assessment process, retroactive assistance shall be issued as defined by the director of human services. A limited benefit plan imposed in error shall not be considered a first limited benefit plan.~~

~~b. A participant who signs a family investment agreement but does not carry out the family investment agreement responsibilities shall be deemed to have chosen a limited benefit plan and shall not be allowed to reconsider that choice.~~

~~e. b. A participant who chooses a second or subsequent limited benefit plan shall not be allowed to may reconsider that choice at any time following the required period of ineligibility.~~

5. WELL-BEING VISIT. If a participant has chosen a subsequent limited benefit plan, a qualified social services professional shall attempt to visit with the participant ~~to inquire into the family's~~ family with a focus upon the children's well-being. The visit shall be performed during or within four weeks of the second month of the start of the subsequent limited benefit plan. The visit shall serve as an extension of the family investment program and the family investment agreement philosophy of supporting families as they move toward self-sufficiency. The department may contract for these services the visit. ~~The visit shall be made in accordance with the following:~~

~~a. For a participant in a first limited benefit plan who has the reconsideration option, a qualified social services professional, as defined by the director of human services, shall inquire into the well-being of the family during month two of the period of reduced assistance. If the participant who is responsible for a family investment agreement indicates a desire to develop a family investment agreement, the qualified social services professional shall assist the participant in establishing an appointment with the appropriate JOBS program office.~~

~~b. For a participant in a first limited benefit plan who does not enter into the family investment agreement process during the three month reconsideration period, a qualified social services professional shall make another inquiry as to the well-being of the family during month four of the limited benefit plan.~~

~~c. A participant who signs the family investment agreement but does not carry out family investment agreement responsibilities and, consequently, has chosen a first limited benefit plan shall not be allowed to reconsider that choice. However, a social services professional shall inquire as to the well-being of the family during month four of the limited benefit plan.~~

~~d. A participant who has chosen a second or subsequent limited benefit plan shall not be allowed to reconsider that choice. However, a qualified social services professional shall make inquiry into the well-being of the family during month two of the limited benefit plan.~~

6. APPEAL. A participant has the right to appeal the establishment of the limited benefit plan only once, ~~except for a first limited benefit plan two opportunities to appeal shall be available.~~ A participant in a first limited benefit plan has the right to appeal the limited benefit plan at the time the department issues timely and adequate notice establishing the limited benefit plan, or at the time the department issues the subsequent notice that establishes the six-month period of ineligibility. ~~A participant who has chosen a second or subsequent limited benefit plan has the right to appeal only at the time the department issues the timely and adequate notice that establishes the six-month period of ineligibility~~ limited benefit plan. However, if the reason for the appeal is based on an incorrect grant computation, an error in determining the composition of the family, or another worker error, a hearing shall be granted, regardless of the person's limited benefit plan status.

Sec. 61. APPLICABILITY — RULES.

1. The department of human services shall adopt administrative rules to implement the provisions of this division of this Act and the provisions shall apply beginning with the effective date specified in those rules. However, the effective date specified in the administrative rules shall be no earlier than January 1, 1999.

2. If a limited benefit plan was chosen by a participant prior to the effective date of the administrative rules, a limited benefit plan chosen by that participant on or after the effective date shall be considered a subsequent benefit plan.

3. A limited benefit plan in effect on the effective date of the administrative rules shall remain subject to the law and rules applicable to that limited benefit plan at the time the plan was imposed until that limited benefit plan's period has ended.

DIVISION IV — PRIVATE AGENCY CONTRACTS

Sec. 62. PRIVATE AGENCY CONTRACTS. The auditor of state and the director of human services shall jointly develop a process for exempting a private agency awarded a grant, contract, or purchase of service contract through the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, from the requirement to obtain a certification from the auditor of state pursuant to section 11.36. The process shall apply a monetary threshold, provide for acceptance of existing audits, or utilize other methods to determine the adequacy of a private agency's accounting practices in a manner which is not burdensome to the private agency or the state. The auditor of state and the director of human services shall submit a report of the process developed to the general assembly on or before January 1, 1999.

Sec. 63. Section 217.41, Code 1997, is repealed.

DIVISION V — STATUTORY REVISIONS

Sec. 64. 1997 Iowa Acts, chapter 208, section 2, unnumbered paragraph 3, is amended by striking the unnumbered paragraph.

Sec. 65. 1997 Iowa Acts, chapter 208, section 17, subsection 1, paragraph a, subparagraph (1), is amended to read as follows:

(1) The department shall implement a pilot project of operating the hospital-school with a net general fund appropriation. The amount allocated in this paragraph is the net state appropriation amount projected to be needed for the state hospital-school at Glenwood. Purposes of the pilot project are to encourage the hospital-school to operate with increased self-sufficiency, to improve quality and efficiency, and to support collaborative efforts between the hospital-school and counties and other funders of services available from the hospital-school. The pilot project shall not be implemented in a manner which results in a cost increase to the state or cost shifting between the state, the medical assistance program, counties, or other sources of funding for the state hospital-school. Moneys allocated in this paragraph may be used throughout the fiscal year in the manner necessary for purposes of cash flow management, and for purposes of cash flow management the hospital-school may temporarily draw more than the amount allocated, provided the amount allocated is not exceeded at the close of the fiscal year. For the purposes of calculating the August 31, 1998, fiscal year 1997-1998 ending balance under this subsection, the department shall include county receivables billed but not yet received. However, only receipts received within 90 days of being billed for fiscal year 1997-1998 services shall be included. The state hospital-school at Glenwood may draw upon the general fund of the state in an amount equal to the amount of the receipts not yet received.

Sec. 66. Section 135H.6, subsection 5, Code 1997, is amended to read as follows:

5. The department of human services has submitted written approval of the application based on the department of human services' determination of need. The department of human services shall identify the location and number of children in the state who require the services of a psychiatric medical institution for children. Approval of an application shall be based upon the location of the proposed psychiatric institution relative to the need for services identified by the department of human services and an analysis of the applicant's

ability to provide services and support consistent with requirements under chapter 232, particularly regarding community-based treatment. If the proposed psychiatric institution is not freestanding from a facility licensed under chapter 135B or 135C, approval under this subsection shall not be given unless the department of human services certifies that the proposed psychiatric institution is capable of providing a resident with a living environment similar to the living environment provided by a licensee which is freestanding from a facility licensed under chapter 135B or 135C. Unless a psychiatric institution was accredited to provide psychiatric services by the joint commission on the accreditation of health care organizations under the commission's consolidated standards for residential settings prior to June 1, 1989, the department of human services shall not approve an application for a license under this chapter until the federal health care financing administration has approved a state Title XIX plan amendment to include coverage of services in a psychiatric medical institution for children. In addition, either of the following conditions must be met:

a. The department of human services shall not give approval to an application which would cause the total number of beds licensed under this chapter to exceed three hundred sixty beds, except as provided in paragraph "b" and paragraph "c", with not more than three hundred of the beds licensed under chapter 237 before January 1, 1989, and not more than sixty of the beds licensed under chapter 237 on or after January 1, 1989.

b. The department of human services shall not give approval to an application which would cause the total number of beds licensed under this chapter after June 30, 1990, which specialize in providing substance abuse treatment to children to exceed seventy beds.

c. The department of human services may establish not more than thirty beds licensed under this chapter at the state mental health institute at Independence. The beds shall be exempt from the certificate of need requirement under subsection 4.

Sec. 67. Section 217.12, subsection 3, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. Designation of agreement provisions for tracking and reporting performance measures developed pursuant to subsection 4.

Sec. 68. Section 222.68, Code 1997, is amended to read as follows:
222.68 COSTS PAID IN FIRST INSTANCE.

All necessary and legal expenses for the cost of admission or commitment of a person to a hospital-school or a special unit when the person's legal settlement is found to be in another county of this state shall in the first instance be paid by the county from which the person was admitted or committed. The county of legal settlement shall reimburse the county ~~so paying which pays~~ for all such expenses. Where any county fails to make such reimbursement within ~~sixty~~ forty-five days following submission of a properly itemized bill to the county of legal settlement, a penalty of not greater than one percent per month on and after ~~sixty~~ forty-five days from submission of the bill may be added to the amount due.

Sec. 69. Section 222.75, Code 1997, is amended to read as follows:
222.75 DELINQUENT PAYMENTS — PENALTY.

Should any county fail to pay the bills within ~~sixty~~ forty-five days from the date of ~~the county received the~~ certificate from the superintendent, the director of revenue and finance may charge the delinquent county a penalty of not greater than one percent per month on and after ~~sixty~~ forty-five days from date of ~~the county received the~~ certificate until paid.

Sec. 70. Section 222.78, Code 1997, is amended to read as follows:
222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.

The father and mother of any ~~person~~ patient admitted or committed to a hospital-school or to a special unit, as either an inpatient or an outpatient, and any person, firm, or corporation bound by contract ~~hereafter~~ made for support of the ~~person shall be and remain patient~~ is liable for the support of the ~~person~~ patient. The ~~person~~ patient and those legally bound for the support of the ~~person~~ patient shall be liable to the county for all sums advanced by the

county to the state under the provisions of sections 222.60 and 222.77. The liability of any person, other than the patient, who is legally bound for the support of ~~any a patient who is~~ under eighteen years of age in a hospital-school or a special unit shall ~~in no instance not~~ exceed the average minimum cost of the care of a normally intelligent, ~~nonhandicapped~~ minor ~~without a disability~~ of the same age and sex as the minor patient. The administrator shall establish the scale for this purpose but the scale shall not exceed the standards for personal allowances established by the state division under the family investment program. ~~Provided further that the father or mother of the person shall not be liable for the support of the person after the person attains the age of eighteen years and that the~~ The father or mother shall incur liability only during any period when the father or mother either individually or jointly receive a net income from whatever source, commensurate with that upon which they would be liable to make an income tax payment to this state. The father or mother of a patient shall not be liable for the support of the patient upon the patient attaining eighteen years of age. Nothing in this section shall be construed to prevent a relative or other person from voluntarily paying the full actual cost as established by the administrator for caring for the ~~person~~ patient with mental retardation.

Sec. 71. Section 225C.38, subsection 1, paragraph c, Code 1997, is amended to read as follows:

c. Except as provided in section 225C.41, a family support subsidy for a fiscal year shall be in an amount equivalent to the monthly maximum supplemental security income payment available in Iowa on July 1 of that fiscal year for an adult recipient living in the household of another, as formulated under federal regulations. In addition, the parent or legal guardian of a family member who is in an out-of-home placement at the time of application may receive a one-time lump-sum advance payment of twice the monthly family support subsidy amount for the purpose of meeting the special needs of the family in preparing for in-home care. The parent or legal guardian receiving a family support subsidy may elect to receive a payment amount which is less than the amount determined in accordance with this paragraph.

Sec. 72. Section 225C.48, subsection 5, Code 1997, is amended by striking the subsection.

Sec. 73. Section 229.42, unnumbered paragraph 4, Code Supplement 1997, is amended to read as follows:

Should any county fail to pay these bills within ~~sixty forty-five~~ days from the date ~~of the~~ county received the certificate from superintendent, the director of revenue and finance shall charge the delinquent county the penalty of one percent per month on and after ~~sixty forty-five~~ days from date ~~of the county received the~~ certificate until paid. Such penalties shall be credited to the general fund of the state.

Sec. 74. Section 230.22, Code 1997, is amended to read as follows:
230.22 PENALTY.

Should any county fail to pay the amount billed by a statement submitted pursuant to section 230.20 within ~~sixty forty-five~~ days from the date the statement is ~~certified received~~ by the ~~superintendent county~~, the director of revenue and finance shall charge the delinquent county the penalty of one percent per month on and after ~~sixty forty-five~~ days from the date the statement is ~~certified received by the county~~ until paid. Provided, however, that the penalty shall not be imposed if the county has notified the director of revenue and finance of error or questionable items in the billing, in which event, the director of revenue and finance ~~may shall~~ suspend the penalty only during the period of negotiation.

Sec. 75. Section 234.12A, if enacted by 1998 Iowa Acts, House File 2468, is amended by adding the following new subsection:

NEW SUBSECTION. 3. For the purposes of this section, "retailer" means a business authorized by the United States department of agriculture to accept food stamp benefits.

Sec. 76. Section 239B.11, subsection 2, Code Supplement 1997, is amended to read as follows:

2. A diversion program subaccount is created within the family investment program account. The subaccount may be used to provide incentives to divert applicants' participation in the family investment program if the applicants ~~would otherwise be eligible~~ meet income eligibility requirements for assistance. Incentives may be provided in the form of payment or services with a focus on helping applicants to obtain or retain employment. The diversion program subaccount may also be used for payments to participants as necessary to cover the expenses of removing barriers to employment.

Sec. 77. Section 249A.3, subsection 1, paragraph g, subparagraph (2), Code Supplement 1997, is amended to read as follows:

(2) Is a child ~~born after September 30, 1983,~~ who has attained six years of age but has not attained nineteen years of age ~~as prescribed by the federal Omnibus Budget Reconciliation Act of 1990, Pub. L. No. 101-508, § 4601,~~ whose income is not more than one hundred thirty-three percent of the federal poverty level, as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.

Sec. 78. Section 541A.3, subsection 5, Code 1997, is amended to read as follows:

5. The administrator shall coordinate the filing of claims for savings refunds authorized under subsection 1, between account holders, operating organizations, and the department of revenue and finance. Claims approved by the administrator may be paid by the department of revenue and finance to each account or for an aggregate amount for distribution to the accounts in a particular financial institution, depending on the efficiency for issuing the refunds. Claims shall be initially filed with the administrator on or before a date established by the administrator. Claims approved by the administrator shall be paid from the general fund of the state in the manner specified in section 422.74.

Sec. 79. IMPLEMENTATION — STATE MANDATE. Section 25B.2, subsection 3, shall not apply to the provisions of this Division amending sections 222.68, 222.75, 229.42, and 230.22.

Sec. 80. 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 the effective date is delayed by the administrative rules review committee, notwithstanding section 17A.4, subsection 5, and section 17A.8, subsection 9, or a later effective date is specified in the rules. Any rules adopted in accordance with this section shall not take effect before the rules are reviewed by the administrative rules review committee. 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. 81. REPORTS. Any reports or information required to be compiled and submitted under this Act shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the legislative fiscal bureau, the legislative service bureau, and to the caucus staffs on or before the dates specified for submission of the reports or information.

Sec. 82. Section 239B.23, Code Supplement 1997, is repealed.

Sec. 83. EFFECTIVE DATE. The following provisions of this Act, being deemed of immediate importance, take effect upon enactment:

1. Section 1, supplementing an appropriation made in 1997 Iowa Acts, chapter 202.
2. Section 5, subsection 7, relating to X-pert computer system funding.

3. Section 7, subsection 4, relating to a request for proposals for managed behavioral health and substance abuse care.

4. Section 7, subsection 12, relating to reinstatement of the employment earnings disregard.

5. Section 15, subsection 2, paragraph "e", relating to requirements of section 232.143, for the 1997-1998 and 1998-1999 fiscal years.

6. Section 15, subsection 18, relating to continuation of clinical assessment and consultation teams.

7. Section 15, subsection 19, paragraph "b", relating to authority to use moneys for support of the child welfare services work group.

8. Section 18, subsection 1, relating to determining allocation of court-ordered services funding.

9. Section 41, relating to net state budgeting at the state hospital-schools.

10. Section 43, relating to financial assistance services.

11. Section 62, relating to private agency contracts.

12. Sections 64 and 65, amending 1997 Iowa Acts, chapter 208.

13. Section 72, striking a provision of Code section 225C.48.

Sec. 84. EFFECTIVE DATE — APPLICABILITY. Section 78 of this Act, amending Code section 541A.3, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 1998.

Approved May 19, 1998, except the items which I hereby disapprove and which are designated as Section 7, subsection 7, in its entirety; that portion of Section 9 which is herein bracketed in ink and initialed by me; Section 10, subsection 2, in its entirety; that portion of Section 16 which is herein bracketed in ink and initialed by me; that portion of Section 28 which is herein bracketed in ink and initialed by me; Section 32, subsection 1, paragraph b, in its entirety; and Sections 40, 41, and 42 in their entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit Senate File 2410, 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 effective dates and a retroactive applicability provision.

Senate File 2410 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 7, subsection 7, in its entirety. This item would implement a home and community based waiver for persons with physical disabilities. Allowing residents in a medical institution access for waiver services without first requiring evidence of the likelihood of long-term care could monopolize limited resources available for the program. I believe we should pursue a waiver for persons with physical disabilities, but direct it towards those with a clear prospect of long term institutionalization. Therefore, I am directing the department to implement a cost-effective waiver for persons with physical disabilities.

I am unable to approve the designated portion of Section 9. This item would allow unspent funds from fiscal year 1999 for the new child health care program to carry forward into fiscal year 2000. It is inappropriate to use one-time funding for on-going expenses.

I am unable to approve the item designated as Section 10, subsection 2, in its entirety. This item would prohibit the expansion of prior authorization for prescription drugs under the Medicaid program without approval of the General Assembly. The recent introduction of the new drug Viagra demonstrates the department's need to move forward quickly with prior authorization in a limited number of instances. The high level of media attention, combined with an absence of clinical criteria for restricting utilization, could create unanticipated cost over-runs in the Medicaid program.

I am unable to approve the designated portion of Section 16. This item appears to extend the application of the terms of the Connors consent decree relating to long term institutional settings to the University of Iowa Hospital School for Children with Disabilities. The University of Iowa Hospitals School for Children with Disabilities is not a long-term residential facility; rather it provides short-term acute care services. It would, therefore, be inappropriate to apply the Connors decree to the University Hospital School.

I am unable to approve the designated portion of Section 28. This item would require the Department of Human Services to reimburse a county when it chooses to offset a reduction in state mental health or mental retardation staff. The department must retain the flexibility to make staffing decisions based upon caseload need.

I am unable to approve the item designated as Section 32, subsection 1, paragraph b, in its entirety. This item would provide a two percent increase for pharmacist services effective January 1, 1999. This item sets precedent in that it applies to pharmacist services rather than dispensing fees, as has been the case in past years. Elsewhere in this bill, Section 10, subsection 4, the General Assembly has directed a study be undertaken to determine the benefits to the state of the provision of pharmaceutical services. It would be inappropriate to explicitly fund pharmacist services until the results of the study are known.

I am unable to approve the item designated as Section 40, in its entirety. This item would require the Department of Human Services to make up from any of its appropriations any shortfall in revenues earmarked for juvenile detention. If the General Assembly believes there may be a shortfall in funding for juvenile detention, it should be addressed in a more straightforward manner through a direct appropriation or an increase in revenue directed to this purpose.

I am unable to approve the item designated as Section 41, in its entirety. This item would allow unspent fiscal year 1999 funds for the Department of Human Services Hospital-Schools to carry forward into fiscal year 2000. It is inappropriate to use one-time funding for on-going expenses.

I am unable to approve the item designated as Section 42, in its entirety. This item would require the department to include penalty provisions for unmet performance expectations in all contracts with a value exceeding \$150,000. The language is drafted so broadly that it could potentially be applied to a physician providing services under Medicaid. I will instead direct the department to implement the intent of this section where appropriate.

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 2410 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*