

FISCAL UPDATE

November 9, 2006

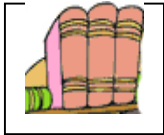
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LEGISLATIVE INTENT LANGUAGE - FY 2006

Legislative Intent



The Fiscal Service Division of the Legislative Services Agency (LSA) identified 352 sections of legislative intent language in FY 2006 Appropriations Acts. The sections are categorized as follows:

- Compliance – The Department performed as required by the intent language.
- Non-Compliance – The Department did not perform the intent language as required.
- In Progress – The Department is in the process of performing the intent language required but had not fulfilled the requirement by the end of FY 2006.
- Other – The Department has not complied because the Governor vetoed the language or the Department was unable to comply due to unusual circumstances.

Compliance



The departments complied with 352 sections; one section was not complied with; five are in progress, and one falls into the “Other” category. The table below lists the number of sections by Department.

Department/Agency	Compliant	Non-Compliant	Progress	Other	Total LIL Sections
Administrative Services	3				3
Agriculture & Land Stewardship	13				13
Auditor of State	1				1
Board of Regents	15				15
Civil Rights	1				1
College Student Aid Commission	2				2
Commerce	5				5
Corrections	19				19
Cultural Affairs	2				2
Economic Development	38				38
Education	18				18
Elder Affairs	1				1
Ethics	1				1
Governor	3				3
Human Rights	13				13
Human Services	88		3		91
Inspections and Appeals	4				4
IA Law Enforcement Academy	4				4
Iowa National Guard			1		1
Iowa State University	4				4
Judicial Branch	10	1			11
Justice	4				4
Management	7				7
Natural Resources	3				3
Office of Drug Control Policy	1				1
Public Health	61		1	1	63
Public Safety	6				6
Revenue	1				1
Secretary of State	2				2
Transportation	2				2
Treasurer of State	1				1
University of Iowa	2				2
University of Northern Iowa	2				2
Veterans Affairs	2				2
Workforce Development	6				6
Totals	345	1	5	1	352

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More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

**DEPARTMENT OF HUMAN SERVICES - FY 2006
LEGISLATIVE INTENT LANGUAGE**

In Progress

The Department of Human Services (DHS) is in the process of complying with three sections of legislative intent language in HF 841 (IowaCare Medicaid Reform Act). Two of the sections include requirements that dietary counseling and cost and quality performance evaluations be added to Medicaid. The DHS continues to research service delivery methods for dietary counseling services while working with the Department of Public Health and other entities to develop the service. The DHS has a Request for Proposal (RFP) in process for an independent consultant to provide cost and quality performance evaluations as required in the statute.



The third section of intent language directs the DHS to provide a method to transition Medicaid consumers with Mental Retardation (MR) out of institutions and into community-based care. The DHS has convened a workgroup of stakeholders, which met during the 2006 Interim to discuss strategy for the project. A report is due to the General Assembly by July 7, 2007.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

**DEPARTMENT OF PUBLIC HEALTH - FY 2006 LEGISLATIVE
INTENT LANGUAGE**

Intent Language



The Department of Public Health had 21 sections of intent language in HF 825 (FY 2006 Health and Human Services Appropriations Act). The Department complied with all sections except two, as follows:

- The Act required the Department to allocate \$643,500 of the appropriation for Injuries for the Emergency Medical Services Fund. The Department allocated \$620,172 due to a reduction that was applied in HF 882 (FY 2006 Standing Appropriations Act).
- The Act required the Department of Public Health, State Medical Examiner's Office, and the Department of Public Safety to consider a Polk County proposal to share facilities with the State Criminalistics Laboratory. The Department and the Polk County Supervisors are continuing discussions regarding this.

More Information

Additional Information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

**JUDICIAL BRANCH - FY 2006 LEGISLATIVE INTENT
LANGUAGE**

Non-Compliance

The Judicial Branch had 11 sections of Legislative Intent Language in HF 807 (FY 2006 Judicial Branch Appropriations Act). The Judicial Branch was in compliance with all but one section.

The Judicial Branch was required to study the best practices and efficiencies of each judicial district and submit a report to the General Assembly and the LSA by December 15, 2005. The report was drafted but never submitted.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**DEPARTMENT OF PUBLIC DEFENSE - FY 2006
LEGISLATIVE INTENT LANGUAGE**
In Progress

The Department of Public Defense, Military Division, is in the process of complying with legislative intent language in HF 811 (FY 2006 Justice System Appropriations Act).

Intent language allows the Military Division to have a negative balance as long as equal receivables are coming from the Division by the close of the State fiscal year. The Military Division experienced its first negative balance for FY 2006 on March 16, 2006, which was 71 days later than in 2005. The Division was in and out of the negative for the remainder of FY 2005 and exceeded a \$1.0 million negative balance in late June.

The Military Division is working to improve its cash management. In FY 2006, the Division started drawing advances for all payroll related to federal agreements.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

OCTOBER COUNCIL ON HUMAN SERVICES MEETING
Council Meeting

The Council on Human Services met October 10-11.

Clarinda MHI Tour

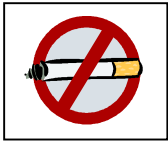
Council members toured the Mental Health Institute at Clarinda and received an update on programming for clients.

Administrative Rules

The Council approved the following Administrative Rules for adoption:

- Changes the application process and timelines for the Family Investment Program. This has a fiscal impact of \$211,000 in FY 2007 and \$1.4 million in FY 2008.
- Increases Child Care Assistance payment rates, sets certification period, and adds a review form. House File 2734 (FY 2007 Health and Human Services Appropriations Act) provided \$1.7 million, including \$1.2 million in TANF funds and \$500,000 in General Funds, to increase provider rates based on the 2004 market rate survey, with implementation to begin on January 1, 2007. In order to annualize costs in FY 2008, an additional estimated \$1.7 million will be needed.
- Increases premiums for persons eligible for the Medicaid for Employed Persons with Disabilities Program. These individuals are eligible to "buy into" Medicaid while employed, with a premium based on a sliding fee scale. Approximately 2,000 (25.0%) will pay a premium. Iowa statute requires the maximum premium to be similar to the State's health insurance cost. The State revenue increase will be an estimated \$23,000 for the second half of FY 2007 and \$55,000 for FY 2008.





- Includes smoking cessation drugs within the Medicaid Program. The coverage of these products will begin on January 1, 2007. The estimated fiscal impact to the General Fund is \$274,000 in FY 2007 and \$562,000 in FY 2008. The Department will include the FY 2007 funding as part of their supplemental request for Medicaid.
- Adds psychological disorder remedial services to the Medicaid Program. This change should have no fiscal impact on the State because counties provide the non-federal share of remedial services funding. The fiscal impact to counties is unknown.
- Eliminates Group Care Rehabilitative Treatment Services (RTS) from the Child Welfare system, and provides for a transition to a new remedial service category under Medicaid, as well as to other new child welfare services. The fiscal impact is summarized below.



FY 2007 - The estimated fiscal impact to Child and Family Services (CFS) is a shortfall of \$634,000 for FY 2007, which the Department will manage within the current appropriation. This assumes the \$6.7 million in State match budgeted for RTS under CFS is retained under CFS and any shortfall in Medicaid for the new RSP services will be included in the Medicaid supplemental request for FY 2007.

FY 2008 - An additional \$2.0 million will be needed for CFS in FY 2008 to maintain the average monthly population in group care at the FY 2007 level. An additional \$10.6 million in General Funds will also be needed in Medicaid in FY 2008 to provide remedial services for children.

- Updates Family Support Subsidy policies, eliminates Personal and Family Assistance, and adds rules on comprehensive family support as set forth in SF 2217 (DHS Omnibus Policy Changes Act). No fiscal impact.

Noticed Rules

The Council reviewed an Administrative Rule for action at a future meeting that has no fiscal impact. The Rule:

- Gives child protective supervisors sole authority to approve extensions of time to complete dependent adult abuse assessments and evaluations.
- Rescinds the section that repeats Code language on who has access to dependent adult abuse information.
- Clarifies that the Department does not divulge the name of the individual who made the report of dependent adult abuse.

Glenwood Tour

Council members toured and received an update on clients residing at the Glenwood State Resource Center.

More Information

The next meeting is scheduled for November 8. Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611) Lisa Burk (Ext. 17942)
Sue Lerdal (Ext. 17794)

**MENTAL HEALTH/MENTAL RETARDATION/
DEVELOPMENTAL DISABILITIES/BRAIN INJURY
COMMISSION MEETING**

Commission Meeting

The Mental Health/Mental Retardation/Developmental Disabilities/Brain Injury (MH/MR/DD/BI) Commission met October 19.

Updates & Approvals

The Commission approved and received updates on the following:

- Approved accreditations for various facilities.
- Received an update on the Legislative MH/MR/DD/BI Funding Study Committee that met on October 3. Materials from the meeting may be accessed on the web site at: <http://www.legis.state.ia.us>.
- Reviewed the issue of legal settlement for college students within the State Cases Program.
- Approved applications from counties for waivers for the county mental health provider.
- Received an update regarding the Iowa Medicaid Enterprise and the transition to the Remedial Services Program (RSP).
- Received an update regarding the State Payment Program transition from State to county responsibility that began on October 1.

**Workgroup Reports**

The Commission received reports from the following workgroups:

- Outcomes Workgroup that is studying possible standards for measures.
- Functional Assessment Workgroup that is testing a pilot process to be used for standard statewide functional assessments.
- Co-payment Rules Workgroup that is developing the standard statewide Administrative Rules required in HF 2780 (Mental Health Changes Act) for eligibility for county mental health services.

DHS Update

The Commission received the following information from Director Concannon, Department of Human Services (DHS):

- The beginning of the phase-in of the Consumer Choice Option for receiving services via one of the waivers. This will allow a person to select services and providers within the cost of waiver services now received.
- Interviews for the Director of the Division of Mental Health and Disability Services, which are scheduled for October 27-28.
- Projects underway with the Department of Corrections and serving the mental health needs of prisoners.
- The workgroup reviewing the number of individuals within Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) and exploring options for other methods of meeting needs.
- Efforts underway with the Iowa Workforce Development for meeting work requirements for recipients of funding from Temporary Assistance for Needy Families (TANF).
- Options being explored for the Children-at-Home Program to provide the Program statewide without additional funds.

**MH Redesign Report**

The Commission heard from members who reviewed the 2004 Mental Health Redesign Report regarding what proposals were enacted or initiated and those that remain to be enacted or initiated.

Future Activities The Commission reviewed required activities to be discussed at future meetings, including the FY 2009 Mental Health Allowed Growth recommendation, the Annual Report, and the Bi-Annual Report.

More Information The next meeting is scheduled for November 16. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

SENIOR LIVING COORDINATING UNIT MEETING


SLCU Meeting The Senior Living Coordinating Unit met October 20.

Alzheimer's Grant Terry Hornbuckle, Department of Elder Affairs (DEA), and Ann Bossen, University of Iowa, reported on the progress of the Alzheimer's demonstration project.

Substitute Decision Maker Deanna Clingan-Fischer, DEA, and members of the Substitute Decision Maker Task Force requested support from the Senior Living Coordinating Unit for funding of a State Office of Substitute Decision Maker, as well as two regional offices. The DEA has requested \$635,000 from the Senior Living Trust Fund for this purpose in FY 2008.

Senior Living Program Dick Harmon, DEA, provided information on the use of home and community-based services through the Senior Living Program, as well as unmet service needs.

Senior Living Trust Fund Lisa Burk, LSA, provided projections for the Senior Living Trust Fund. At the close of FY 2006, the Fund had a balance of \$57.7 million.



The estimated revenues for FY 2007 total \$143.3 million, which includes a General Fund transfer of \$49.9 million, a \$6.0 million transfer from the Economic Emergency Fund, and an appropriation of \$25.0 million from the Endowment. For FY 2007, expenditures are expected to total \$78.8 million, leaving an estimated balance of \$64.4 million.

A total of \$98.4 million has been deposited into the Fund against the \$300.0 million amount required to be repaid under statute.

Aging & Disability Services Bob Bacon, University of Iowa, provided an update regarding transformation initiatives in the aging and disability service systems.

Long-Range Plan Carlene Russell, DEA, and Julie McMahon, Department of Public Health, provided implementation reports for strategies to address nutrition and healthy aging issues as included in the Long-Range Plan for Long-Term Care.

DHS Updates Eileen Creager, Department of Human Services (DHS), provided the following updates:

- Consumer Choices Option - The DHS is in the process of rolling out the initial pilot project in the Waterloo area.



- Program for All-Inclusive Care for the Elderly (PACE) - The DHS continues to work with two entities interested in being PACE providers: Siouxland Hospice of Sioux City and Mercy Hospital in Mason City.
- Assisted Living as a Waiver Service - A workgroup meeting will be held on November 11. The DHS also plans to send a Medicaid Waiver amendment to the federal Centers for Medicare and Medicaid Services (CMS) in November.
- Case Management as an Elderly Waiver Service - Implementation of the new service system began on October 1. Training sessions for providers were held at the end of September, and a follow-up session will occur in November. All counties have at least one service provider, and some have two.

More Information

The next meeting is scheduled for December 15. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

VERTICAL INFRASTRUCTURE ADVISORY COMMITTEE MEETING

Project Presentations



The Vertical Infrastructure Advisory Committee met October 20. The Committee listened to presentations for capital project requests from the following agencies:

- Department of Corrections
- Department of Veterans Affairs
- Department of Public Safety
- Iowa Public Television
- Department of Cultural Affairs
- Iowa Law Enforcement Academy
- Department of Human Services
- Department of Administrative Services

The Committee will prioritize the projects and make recommendations to the Governor concerning funding priorities.

More information

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

CAPITOL PLANNING COMMISSION MEETING

Commission Meeting

The Capitol Planning Commission met on October 18. The Commission heard a presentation for a proposed sculpture, entitled "Shattering Silence," to be placed on the Capitol Complex. The sculpture is to commemorate events and individuals that have facilitated positive societal changes.

Property Acquisition



The Department of Administrative Services (DAS) presented a property acquisition proposal that includes purchasing the Mercy Capitol properties adjacent to the Complex. The additional property would allow for the construction of a parking structure that would service the north side of the Capitol Complex. The Department is considering the possibility of financing the acquisition with funds saved from leases that would be eliminated as a result of moving State employees out of leased space and onto State-owned property. The Department will seek approval from the Executive Council to move forward with the financing.

The Department would also consider converting the hospital to office/cafeteria space to maximize the use of the new State Office Building that will be constructed near the area. The Department is considering scaling down the size of the new building from 350,000 to 300,000 sq. ft. This would allow funds appropriated for the building to be used to provide adequate parking on the north side of the Complex. The additional parking will be needed due to the planned relocation of approximately 600 employees onto the Complex who are currently housed in leased space. The Department would likely need legislative approval to use the appropriated funds for a parking structure.

FY 2008 Offers

The DAS presented FY 2008 budget offers for Capitol Complex infrastructure projects totaling approximately \$45.1 million. The Department also provided updates on Capitol Complex projects currently in progress.

More information

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

AUDIT REPORT - DEPARTMENT OF HUMAN SERVICES INSTITUTIONS

Audit



The LSA received a copy of the State Auditor's FY 2005 Audit Report on the nine institutions with the Department of Human Services (DHS). The Report cited 12 findings related to federal funds, internal controls, and statutory requirements, which are summarized below.

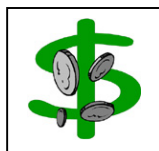
- Mental Health Institute at Clarinda:
 - Documentation of approval for expenditures from the Entertainment Fund.
 - Withdrawal of client participation expenditures each month.
 - Remittal of outstanding agency obligations that are more than two years old to the State Treasurer.
- State Resource Center at Woodward:
 - Inventory testing requires segregation of duties during inventory activities.
 - Transaction limits for the use of the State of Iowa Procurement Card Program and segregation of duties within the Purchasing Department.
 - Appropriate pricing of the value of inventory.
 - Accounting of construction in progress at the institution.

- State Resource Center at Glenwood - Deposit of excess cash into a bank account in lieu of cash beyond necessity for client payroll checks and personal withdrawals.
- State Juvenile Home at Toledo - Policies for capital asset documentation.
- State Training School at Eldora:
 - Documentation of key control policy for access to secure locations.
 - Documentation for inventory of property with a value below \$5,000.
 - The need for an independent review in lieu of lack of notification of law enforcement and the State Auditor regarding missing equipment.

Audit Response

The Auditor accepted the responses from the institutions regarding the findings and recommendations, except for the response for the lack of notification of law enforcement and the State Auditor regarding missing equipment. The Auditor noted that if authorities had been notified in lieu of the Superintendent, conducting an internal investigation resolution of the disposition may have been possible. The Auditor also expressed concern regarding the lack of access by the DHS to information from the internal investigation.

Cost Per Resident



The Audit also contains historical information regarding the cost per resident and the cost per stay. The following table is for FY 2005, and additional information is contained within the Audit.

Institution	Average Number of Residents	Average Number of Employees	Average Annualized Cost Per Resident	Average Daily Cost Per Resident	Median Stay	Cost Per Stay
Clarinda MHI	47	89	\$159,852	\$438	12	\$5,255
Mt. Pleasant MHI	57	87	119,563	328	29	9,500
Cherokee MHI	44	203	318,750	873	15	13,099
Independence MHI	89	298	217,909	597	48	28,657
Woodward SRC	269	629	165,667	454		
Glenwood SRC	377	862	156,126	428		
Toledo Juvenile Home	81	113	89,432	245		
Eldora Training School	165	192	74,144	203		
Sexual Predator Program	47	58	76,562	210		

More Information

The Audit Report may be accessed on the State Auditor's web site at: <http://auditor.iowa.gov/reports/0662-0000-BR00.pdf>.

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This document can be found on the LSA web site: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>.