

F I N A L R E P O R T  
MENTAL ILLNESS COST ASSESSMENT STUDY COMMITTEE

Senator Al Sturgeon, Co-chairperson  
Representative Janet Adams, Co-chairperson

Submitted to the General Assembly  
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Prepared by the Legislative Service Bureau

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## MENTAL ILLNESS COST ASSESSMENT STUDY COMMITTEE

December 1989

### BACKGROUND INFORMATION

The Mental Illness Cost Assessment Study Committee was established by the Legislative Council and directed to study current trends in the treatment of the mentally ill including privatization of county facilities; evaluate the cost liabilities for individuals, counties, and the state; and recommend ways to relieve the burden on local governments as well as methods to avoid future cost increases. The Study Committee was granted two meeting days. The meetings were held on August 22 and October 17.

Members of the Study Committee were:

Senator Al Sturgeon, Co-chairperson  
Representative Janet L. Adams, Co-Chairperson  
Senator Eugene S. Fraise  
Senator H. Kay Hedge  
Senator John A. Peterson  
Senator Richard Vande Hoef  
Representative Patricia M. Harper  
Representative Tom H. Miller  
Representative Louis J. Muhlbauer  
Representative Gregory A. Spenner

### August 22 Meeting

At its first meeting the Study Committee heard testimony regarding the current mental health services system in Iowa.

Ms. Sally Titus Cunningham, Acting Administrator, Division of Mental Health, Mental Retardation, and Developmental Disabilities of the Department of Human Services provided an overview of mental health services history, described services, and discussed funding concerns relating to mental health.

Ms. Margaret Stout, Executive Director, Alliance for the Mentally Ill of Iowa raised a number of concerns regarding services for the mentally ill including a lack of a statutory mandate to provide services; the desirability of providing funding for the Bill of Rights for Persons with Mental Retardation, Developmental Disabilities, and Chronic Mental Illness (MR, DD, & CMI); encouraged developing a continuum of community-based services;

encouraged mandating insurance coverage of mental health services; and stressed the need for respite care and in-house homemaker services to families. She also pointed to needs for other services including geriatric services, inconsistency of service offerings between various community mental health services, and growing numbers of dual diagnoses patients.

Mr. Don McCulley, Executive Director of the Siouxland Mental Health Center suggested that there will be an ongoing need to operate the State Mental Health Institutes. In addition, he described recent trends in services to the mentally ill and discussed issues such as fund-raising with the Study Committee.

Ms. Wendy Burgess of the Iowa State Association of Counties described the current mental health services delivery systems in the state, and state and federal mandates affecting mental health systems, and she made recommendations for improving mental health systems. She directed attention to funding burdens on counties; the need for more flexibility in funding streams; concerns regarding the fiscal impact of federal nursing home reform legislation; the need for increasing per diem reimbursements to providers; problems obtaining federal approval for Medicaid funding of day habilitation services which counties assumed would be funded when agreeing to providing matching funds for enhanced services to the MR, DD, and CMI populations; and the importance of providing case management services to persons with MR, DD, and CMI who are not eligible for enhanced services under Medicaid.

Ms. Carla Mehus, Vice President of Actuarial Services of Blue Cross of Iowa, described available insurance coverages of mental health services and stated her organization's opposition to mandated coverages.

Dr. S. Randy Winston, M.D., Chairperson of the Legislation Committee of the Iowa Medical Society, provided a rationale in stating the Iowa Medical Society's opposition to mandatory insurance coverage of mental health coverage.

Mr. Kirk Norris, legal counsel for the Iowa Hospital Association, listed a number of positive and negative factors related to mandatory insurance coverage of mental health services and expressed support for expansion of funding and services for mental health.

#### October 17 Meeting

At its second and final meeting the Study Committee heard brief testimony and considered potential recommendations prepared by Co-chairpersons Sturgeon and Adams. Ms. Carter Ricks of the Legislative Fiscal Bureau presented and discussed a number of fiscal estimates which she prepared at the direction of the Co-

chairpersons regarding policy options to implement the Bill of Rights for Persons with Mental Retardation, Developmental Disabilities, and Chronic Mental Illness.

The Study Committee discussed information prepared by the Department of Human Services and mailed to members in advance of the meeting. Ms. Wendy Burgess of the Iowa State Association of Counties distributed and discussed information regarding county care facilities and fiscal obligations. Ms. Judy Dierenfeld of the Community Mental Health Centers Association of Iowa distributed and discussed fiscal information relating to the mental health centers that are part of the Association. Ms. Margaret Stout of the Alliance for the Mentally Ill of Iowa discussed the Alliance's concerns with certain information that had been received by the Study Committee.

After extensive discussion, the Study Committee approved two recommendations for legislative action by the General Assembly.

#### RECOMMENDATIONS

The Mental Illness Cost Assessment Study Committee makes the following recommendations for consideration by the Legislative Council and the 1990 General Assembly:

1. That the Bill of Rights for Persons with Mental Retardation, Developmental Disabilities, and Chronic Mental Illness be implemented over a five-year period and that beginning with Fiscal Year 1991, the State of Iowa share with counties the financial responsibility for the cost of services provided to all eligible persons. The Study Committee recommends that the state assume 60 percent of the financial responsibility and the counties assume the remaining 40 percent of the financial responsibility.
2. That new funding be committed to special projects and development of community-based programs for the mentally ill.

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