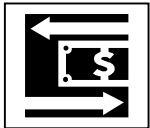


NOTICE OF REALLOCATION OF FY 2006 FUNDS FOR STATE PUBLIC DEFENDER'S OFFICE

Fund Reallocation



The State Public Defender's Office transferred \$450,000 from the Indigent Defense Program to the State Public Defender Program in June 2006, pursuant to Section 13B.4(7), Code of Iowa.

This will cover increased costs associated with fully staffed Public Defender offices, caseloads, and expenses. The impact of the reallocation will reduce the overall cost of Indigent Defense. If there are any excess funds as a result of the reallocation, the funds will be reallocated back to the Indigent Defense Program.

More Information

Additional information is available from the Legislative Services Agency (LSA) upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

MEDICAID FORECAST FOR FY 2006 AND FY 2007

Medicaid Forecast

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on June 23 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2006 and FY 2007. The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current fiscal year.

FY 2006



House File 825 (FY 2006 Health and Human Services Appropriations Act), as amended by HF 882 (FY 2006 Standing Appropriations Act), HF 841(IowaCare Medicaid Reform Act), HF 2347 (Health Care Transformation Account Act), and HF 2734 (FY 2007 Health and Human Services Appropriations Act), included total State funding of \$742.8 million for Medicaid for FY 2006. This included a \$19.0 million supplemental appropriation provided in HF 2734. The three staffs agreed to an estimated shortfall/surplus range of \$-3.0 to \$5.0 million for FY 2006. The estimate includes the following assumptions:

- An average enrollment increase during FY 2006 of between 3.0% and 3.7%.
- Medical cost inflation of between 1.0% and 2.0% for FY 2006.
- An estimated average cost per member per month of \$2,500 for FY 2006.

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FY 2007

House File 2734 included total State funding of \$759.2 million, which is not likely to fully cover Medicaid costs in FY 2007. For FY 2007, the three staffs agreed to an estimated shortfall of \$25.0 to \$52.0 million, with a midpoint of \$38.5 million compared to the FY 2007 appropriation. The shortfall for FY 2007 includes the following assumptions:

- An estimated \$24.5 million due to cost and enrollment increases.
- An estimated \$7.0 million to fund an estimated 1.0% medical inflation rate.
- \$18.0 million to incorporate the estimated FY 2006 supplemental appropriation.
- \$1.0 million to annualize the increased cost of Medicare buy-in due to increased Medicare premiums.
- \$2.0 million to annualize the cost of the Medicare Part D woodwork effect.
- \$25.0 million to fund additional costs due to the Federal Medical Assistance Percentage (FMAP) decreasing from 63.61% to 61.98%.
- \$17.7 million to fund a 3.0% provider rate increase.
- \$1.4 million to fund an increase in the personal needs allowance for residents of nursing facilities from \$30 to \$50 per month.
- \$1.0 million to fund Medicaid costs for children aging out of the foster care system up to age 21.
- \$250,000 to fund a matching grant for the Iowa Health Care Collaborative.
- \$7.7 million in various savings related to the Iowa Medicaid Enterprise, the Medicaid Family Planning Waiver, and the federal Deficit Reduction Act of 2005.



Other Issues

Congress passed, and the President signed, the Deficit Reduction Act of 2005 in early February 2006. It is estimated that the federal changes will not dramatically impact Iowa Medicaid; however, administrative rules must be adopted at the federal level before exact impacts can be estimated.

One item expected to have an impact on Iowa Medicaid is a requirement that citizenship be verified during the Medicaid eligibility determination process. The federal Department of Health and Human Services has issued a list of acceptable verification documents as well as procedures for obtaining an affidavit when no documentation is available. The Iowa DHS plans to coordinate with the Department of Public Health to more efficiently assist Medicaid applicants with obtaining the required documents. The DHS also plans to assume any expense associated with an applicant's obtaining a birth certificate and will apply to the federal Centers for Medicare and Medicaid (CMS) for matching reimbursement of this expense.

The DHS is currently working on revised rules to implement a State Plan amendment submitted to the federal CMS designed to bring Iowa into compliance with CMS regulations. The potential fiscal impact of these changes is not yet known but will be another factor impacting Medicaid expenditures in FY 2007 and in the future.



The near-depletion of the Senior Living Trust Fund in FY 2007 will create a greater General Fund need for Medicaid in FY 2008 and beyond. House File 2734 appropriates \$65.0 million from the Senior Living Trust Fund for Medicaid in FY 2007, which will likely need to be at least partially replaced with funds from another source in FY 2008.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

CLANDESTINE LAB SEIZURES

Statistics



The Department of Public Safety reported 225 clandestine labs seized from January 1 through June 30, 2006, a 64.4% decrease compared to 2005. Of this amount, 99 labs were State seizures and 126 were local seizures. During the same time period in 2005, there were a total of 632 clandestine labs seized.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

GOVERNMENT OVERSIGHT COMMITTEE MEETINGS

Oversight Meeting

The Government Oversight Committee met June 26-27.

CIETC



At the June 26 meeting, the Committee received testimony from Jack Cline, Tammy Higar, and Diane Bolden from the Central Iowa Employment and Training Consortium (CIETC).

At the June 27 meeting, Director Charlie Smithson, Iowa Ethics and Campaign Disclosure Board, provided information on general ethical procedures and policies all offices should have in place to avoid the problems encountered with the CIETC. He also suggested legislative changes the Committee might want to propose to supplement SF 2410 (Government Accountability Act).

The Committee members discussed future agenda topics for the next meeting July 18-19.

More Information

Committee meetings involving the CIETC are recorded and may be accessed on the General Assembly web site at:
http://www4.legis.state.ia.us/lfb/SubCom/related_links/Oversight_Recordings.html.

Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764) Douglas Wulf (Ext. 13250)
Richard Nelson (25822)

SEX OFFENDER TASK FORCE MEETING

Sex Offender Task Force

The Sex Offender Task Force met June 28 and received the following updates.

Sex Offender Treatment

The Sex Offender Treatment Workgroup began work on identifying current treatment practices in the field and evaluating Iowa's treatment environment against those best practices. A draft report will be completed and sent to members by early or mid-July.

Risk Assessment

The Risk Assessment Workgroup is making progress studying the risk assessment instruments currently in use in Iowa. The group will continue to document and monitor validation efforts currently in place and track other risk assessments for data relevant to Iowa.

Sex Offender Registry



The Sex Offender Registry Workgroup's final report contained several recommendations. The Task Force recommends that the Iowa Division of Criminal Investigation (DCI) establish a secure web site for sheriffs' review. The Task Force also recommends that selected State agencies regularly provide the DCI with information via batch file transfers. The data will be used to help track down sex offenders.

2,000-Foot Rule

A study was proposed to look at the 2,000-foot rule to quantify the impact it may be having on offenders in regard to employment, treatment programs, and education for juvenile sex offenders. The study will also look at the effects the rule is having on victims.

More Information

The next meeting is tentatively scheduled for mid-September. Additional information is available from the LSA upon request.

STAFF CONTACT: Jess Benson (Ext. 14613) Jen Acton (Ext. 17846)

STATE SOIL CONSERVATION COMMITTEE MEETING

Committee Meeting

The State Soil Conservation Committee met June 27 in Keosauqua.

Election of Officers

The Committee re-elected Madeline Myer as the Chairperson and Duane Sand as the Vice Chairperson for the FY 2007 term.

CREP Project



Dean Lemke, Department of Agriculture and Land Stewardship, reported that the nitrate-removal wetland technology, developed from the Conservation Reserve Enhancement Program (CREP) in Iowa, is being considered by other Midwest states to address Gulf Coast hypoxia problems and other water quality concerns. Hypoxia problems include an area in the Gulf of Mexico along the Louisiana-Texas coast where water near the sea floor has low-oxygen or hypoxic conditions. The hypoxic zone is thought to be caused by excess nitrogen loads being delivered from the Mississippi River into the Gulf of Mexico. The CREP was established by the 2000 General Assembly and receives annual funding from the Environment First Fund.

DNR Projects

Lyle Asell, Department of Natural Resources (DNR), discussed two projects the Department is implementing.

LiDAR



One of the projects is a contract between the DNR, the federal Natural Resource Conservation Service (NRCS), and the Department of Transportation with the federal Geological Survey to acquire LiDAR topography data. LiDAR is a measuring system that detects and locates objects on the same principle as radar but uses the pulses of a laser light to analyze atmospheric phenomena.

The contract cost is approximately \$4.4 million, with the DNR paying \$1.5 million, the NRCS paying \$1.6 million, and the DOT paying \$1.3 million. The DNR will pay the \$1.5 million with a loan from the Clean Water State Revolving Loan Fund, as the technology will be used for non-point source water quality.

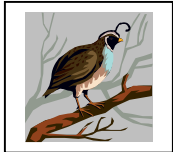
CREP II

The CREP II Project will target 16 publicly-owned lakes and seven coldwater stream complexes in Iowa. The Project will reduce sediment and phosphorus loading in these targeted watersheds and will enroll over 1,000 acres into Iowa's Walk-in-Access Program that allows people to hunt on the enrolled land.

The Project will include over 7,000 acres, at an estimated cost of \$20.0 million. Funding will include \$16.0 million in federal funds, \$1.0 million from the Fish and Wildlife Trust Fund, \$2.0 million from the Lake Restoration Fund, and \$1.0 million from local partners.

The DNR plans to submit the grant application to the federal United States Department of Agriculture (USDA) by August 1, 2006. Project negotiations will continue through the summer, and agreements will be in place by next spring.

Conservation Tour



The Committee toured conservation projects completed in Van Buren, Jefferson, and Washington Counties. Projects viewed included:

- Lake Sugema, the largest of the seven structures in the Indian Creek Watershed Project developed by the federal NRCS. The completion of the Lake has improved water quality and has provided economic opportunities for surrounding businesses due to the increased number of recreational boaters.
- Lake Sugema Wildlife Area, which is managed by the DNR and is focusing on increasing the number of Bobwhite Quail.
- An urban stormwater run-off conservation project located in Fairfield, Iowa.
- The Radiance Dairy farm that is owned and managed by Francis Thicke. The farm produces organic milk and related products for grocery stores and restaurants in Fairfield.
- Lake Darling Watershed projects that have improved the water quality by reducing sediment that flows into the Lake. The successful watershed projects have reduced the amount of sediment from 16,000 to 7,000 tons per year.



Francis Thicke, talks about water conservation practices at the Radiance Dairy farm.

More Information

The next meeting is scheduled for August 3 in Des Moines. For more information about the State Soil Conservation Committee, access the web site at: <http://www.agriculture.state.ia.us/sccommittee.htm>.

Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

DEPARTMENT OF CORRECTIONS – MINNESOTA PRISON TOUR

Legislative Mandate



House File 2782 (FY 2007 Infrastructure Appropriations Act) appropriated \$500,000 to the Department of Corrections (DOC) for a systemic study and planning of the State prison system to maximize the efficient use of the current infrastructure and to compare current capacity and treatment programs to the projected needs of the prison system based on the Iowa prison population forecast.

Oak Park Heights

Members from the Board of Corrections and the DOC toured the Men's Maximum Security Prison in Oak Park Heights, Minnesota, which is a national model maximum security prison. The members viewed the prison design and structure, visited the Minnesota Prison Industries Program, and met with mental health staff regarding treatment practices.

Shakopee

Members from the Board of Corrections and the DOC also toured the Women's Correctional Facility in Shakopee, Minnesota. The members viewed the prison design and structure and met with inmates participating in the Anthony Parent Unit Program. The Program has been in place since 1986 and allows one child under the age of 12 (including infants) to stay overnight at the prison in their mother's room. Program participants must have at least 45 days without discipline and remain discipline-free while in the Unit.

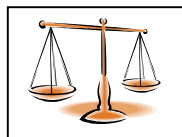
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

CRIMINAL JUSTICE INFORMATION SYSTEM ADVISORY COMMITTEE MEETING

CJIS Meeting



The Criminal Justice Information System (CJIS) Advisory Committee met June 22. The CJIS Project began in April 2001 and, when completed, will be an information sharing system between the Judicial Branch, County Attorneys, the Department of Transportation, the Department of Corrections, the Department of Public Safety, and local law enforcement. During the 2006 Legislative Session, the General Assembly appropriated \$2.6 million for the Project.

Committee Action

The Project has completed the first phase of a five-year implementation plan. The Advisory Committee advertised for 3.0 FTE positions for the CJIS Program Office within the Criminal Juvenile Justice Planning (CJJP) Division; however, no one has applied to date. The Advisory Committee approved the following items:

- Approved starting talks with the Department of Administrative Services (DAS) and the Information Technology Enterprise about issuing a Request for Proposal (RFP) for an enterprise exchange for the CJIS Project.
- Approved an invoice for \$40,000 for the final payment to Dave Uesery from URL for the nine schemas and deliverables for the CJIS Project.
- Approved the \$50,000 National Governor's Association Grant to be used in conjunction with \$200,000 in Pooled Technology funds to establish a victim information sharing system between the Department of Corrections and the County Attorneys.
- Approved the Driving While Intoxicated (DWI) pilot project, which will allow for information sharing between the Department of Transportation (DOT) and the County Attorneys. This is funded with \$1.0 million from a 2002 National Highway Transportation Safety Administration (NHTSA) grant.
- Approved the Electronic Citation Component (ECCO) Process, which will allow local law enforcement to transmit information to the Judicial Branch and the DOT. This is a part of the current CJIS Project.
- Approved the DOT Operating While Intoxicated (OWI) Project, which will allow the DOT to send nightly information to the Judicial Branch. This is a part of the current CJIS Project.



More Information

The next meeting is scheduled for July 20. The Advisory Committee plans to discuss the proposed budget for FY 2008. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AGING SERVICES CABINET MEETING

Cabinet Meeting

The Aging Services Cabinet met June 23.

Legislative Review

Josh Mandelbaum, Governor's Office, provided a review of legislation enacted during the 2006 Legislative Session that impacted elderly programs.

Case Management



Eileen Creager, Department of Human Services (DHS), provided an update on Case Management as a covered service under the Medicaid Elderly Waiver, which was approved by the federal Centers for Medicare and Medicaid (CMS) on May 31. For FY 2007, the average reimbursement rate for the service will be \$70 per client per month, as set forth in HF 2734 (FY 2007 Health and Human Services Appropriation Act); however, implementation of the new system will not begin until October 1.

Consumer Choice

Brooke Lovelace, DHS, reported on the Consumer Choices Initiative. To date, the federal CMS has approved three of the State's Medicaid Waivers for this option, and it is estimated that 20,000 clients will be eligible. Of these, it is estimated that 10-15% will choose to pay for services under this option. Implementation is anticipated to begin in October 2006 and be statewide in August 2007.

Green House Initiatives

Director Steve Young, Department of Inspections and Appeals (DIA), provided information regarding Person Directed/Centered Care and Green House Initiatives. Green Houses are group homes that use a social model of care and maximize staff empowerment to serve those needing skilled care.

Director Young also reported that the next DIALOGUE meeting will be held on August 23, which involves discussion between the DIA and stakeholders with interests in regulatory oversight issues.

More Information

The next meeting date has not been scheduled. Additional information is available from the LSA upon request.

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

SUBSTITUTE DECISION MAKER TASK FORCE MEETING

Task Force Meeting

The Substitute Decision Maker Task Force met June 8.

Advocacy

The Task Force discussed legislation from the 2006 Legislative Session, as well as past and future advocacy and awareness efforts.

Funding Opportunities



There is currently no State appropriation provided for an Office of Substitute Decision Maker. Ideas regarding potential funding sources included a direct appropriation; rollover from potential State savings in the Case Management Program for the Frail Elderly; grants from county associations, the Social Security Administration, or the Veterans Administration; sliding fees; and filing fees.

Potential Law Changes

A draft list of potential changes to laws relating to guardianship and substitute decision making was provided and discussed. The list will be updated and provided at a future meeting.

Committee Reports

The following Committee reports were provided:

- Financial Power of Attorney Committee Report - A general financial power of attorney form has been developed to comply with Iowa law and to assist in tightening up issues surrounding the use of the form.
- Training Committee Report - An outline of the topics to be covered in the training manual was distributed. A Request for Proposal (RFP) has been drafted and will be released to receive bids to create the training tools.
- Forms Committee Report - Three forms were reviewed, including the application, checklist, and internal case monitoring tools.

More Information

The next meeting is scheduled for August 3. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

MEDICAL ASSISTANCE ADVISORY COUNCIL MEETING

Advisory Council Meeting

The Medical Assistance Advisory Council (MAAC) met on June 20 at the Iowa Medicaid Enterprise (IME) in Des Moines.

Budget Report



Medicaid Director Gene Gessow provided the following information:

- The FY 2007 3.0% provider rate increase can begin to be paid once the State Plan Amendment (SPA) has been approved.
- The new SPA was submitted on May 11, 2006. The federal Centers for Medicare and Medicaid Services (CMS) have until August 10, 2006, to approve,

deny, or ask questions about the SPA. Director Gessow expects that the SPA will be approved within the 90-day time period.

- The IME is still in the process of writing administrative rules that will implement the new SPA. The rules will include:
 - Detailed information about Home and Community-Based (HCBS) Waiver services.
 - Documentation regulations and the text of provider agreements.
 - Iowa Medicaid is considering options in the federal Deficit Reduction Act (DRA) of 2005 to expand services. Two populations being considered for potential services are the Mentally Ill and Developmentally Disabled individuals who are not Mentally Retarded.

FY 2007 Provider Increases



Assistant Medicaid Director Jennifer Vermeer reported that the FY 2006 3.0% provider rate increase should be completed by July and that the IME will begin processing the FY 2007 rate increase as soon as the SPA is approved.

Director Gessow informed the Council that the IME has submitted a SPA to implement the inflationary increase appropriated to nursing facilities in HF 2734 (FY 2007 Health and Human Services Appropriations Act).

IME Claims Processing

Jeremy Morgan, IME, gave a presentation on claims processing, including processing speed requirements and statistics are the main reasons claims were denied. He encouraged providers to contact the IME if they encounter problems with getting claims processed.

Comments

Director Gessow commented on the potential difficulties the State might encounter with the new Medicaid citizenship verification requirement in the federal DRA.

More Information

The next meeting is scheduled for July 26. Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

MH/MR/DD/BI COMMISSION MEETING

Commission Meeting

The Mental Health/ Mental Retardation/ Developmental Disabilities/ Brain Injury (MH/MR/DD/BI) Commission met June 15.

Accreditations

The Commission considered the accreditation of eight providers from across the State.

County Management Plans

The Commission also heard County Management Plan Amendments from Decatur and Polk Counties.

Director's Report

Director Kevin Concannon and Mary Nelson, Department of Human Services (DHS), reported the following information:

- The DHS had a successful meeting with the Central Point Coordinators (CPCs) that included useful information exchanges.



- Upcoming challenges in the Medicaid Program will include new federal Centers for Medicare and Medicaid Services (CMS) scrutiny of Targeted Case Management and Adult Rehabilitative Option (ARO) services, as well as new citizenship verification requirements.
- The federal CMS approved the consumer-directed care option for the Mental Retardation (MR) Waiver. The DHS does not plan to begin implementation until all applications to add this option to Iowa's Home and Community-Based Services (HCBS) Waivers are approved.
- Work has begun to re-establish the Division of Mental Health within the DHS. A nationwide Director search will probably begin in late summer.

HF 2780 Team Reports

The four teams that were formed to work on the initiatives in HF 2780 (FY 2007 Mental Health Redesign Act) reported the following:

- State Payment Program - Jim Overland, DHS, reported that Mary Dauburt was hired as a part-time employee to help determine how many State Payment Plan individuals (State Cases) live in each county and the related service costs for these individuals. Rules to implement the county take-over of State Cases are being drafted.
- Income Guidelines - Mr. Overland also discussed the need for rules to clarify what will be considered under the income guidelines when determining whether an individual is under 150.0% of the federal poverty level. A committee of Commission members will meet to discuss the issue.
- Functional Assessment - Three different assessments for Brain Injury, Mental Retardation, and Mental Illness/Chronic Mental Illness will be utilized. Currently, several counties are acting as pilot projects. The Functional Assessment Team is working on a timeline to allow other counties to use the assessments. The Team is also looking for an assessment tool for the Brain Injury population.
- Outcomes/Measurement - The Council passed a resolution stating that outcome measures for the relevant populations will be based on housing, employment, access, and consumer satisfaction.



State Budget Needs

The Commission discussed items they would like to see included in the DHS FY 2008 budget request, including:

- An estimated \$16.0 million for the Allowed Growth Formula.
- Funds to take over any ARO services that Medicaid will no longer support.
- Funds to provide performance incentives.
- Policy resolution of the State Payment Plan Program and Legal Settlement.



Commission Retreat

The Commission discussed August 30-31 as the dates for the annual retreat, which will replace the meeting scheduled for August 17.

More Information

The next meeting is scheduled for July 20. Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

ISSUE REVIEW – ENHANCED 911 PROGRAM**Issue Review**

The Fiscal Services Division of the LSA recently published an **Issue Review** on the Enhanced 911 Program, which includes highlights of the Program as follows:

- The Phase 1 debt was eliminated as of January 1, 2006.
- The State should be Phase 2 compliant by July 1, 2006.
- Senate File 2298 (FY 2005 Omnibus Appropriations Act) required the Government Oversight Committee to review the order of the distribution of funds every two years.
- At the end of Calendar Quarter 1, 2006, there was \$1.5 million in carry forward in the Wireless E911 Emergency Communications Fund. On May 23, 2006, the Government Oversight Committee adopted the following recommendations for Legislative Council consideration:

The remaining carryover balance of \$1.0 million from the E911 wireless surcharge revenue, and any additionally generated carryover balance, shall not be expended by the Office of Homeland Security and Emergency Management Division for any purpose until consideration is given to the level of surcharge being imposed and related issues during the 2007 Legislative Session. The motion passed unanimously.

More Information

Copies of the **Issue Review** may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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