

### MEDICAID FORECAST FOR FY 2007 AND FY 2008

#### Medicaid Forecast



#### FY 2007

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on November 1 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2007 and FY 2008. The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current fiscal year.

House File 2734 (FY 2007 Health and Human Services Appropriations Act) 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 supplemental need of \$11.0 to \$40.0 million, with a midpoint of \$25.5 million. The total State funding for Medicaid in FY 2007 is an estimated increase of between \$27.5 and \$56.5 million compared to estimated FY 2006. This includes the following costs and assumptions:

- An estimated \$9.3 million due to enrollment increases.
- An estimated \$7.8 million to fund a 1.0% increase in medical inflation.
- An increase of \$4.8 million to annualize the increased cost of Medicare buy-in due to increased Medicare premiums.
- \$19.9 million to fund additional costs due to the Federal Medical Assistance Percentage (FMAP) decreasing from 63.61% to 61.98%.
- \$14.7 million to fund a 3.0% provider rate increase.
- \$1.4 million to fund an increase in the personal needs allowance from \$30 to \$50 per month for residents of nursing facilities.
- \$1.0 million to fund Medicaid 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.
- \$13.5 million in various savings related to the Iowa Medicaid Enterprise, the Medicaid Family Planning Waiver, and the federal Deficit Reduction Act of 2005.



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- \$3.9 million to increase nursing facility rates to the FY 2007 cap.
- \$7.0 million to fund increased costs associated with the change from the Adult Rehabilitation Option (ARO) and Rehabilitative Treatment Services (RTS) to the Remedial Services Program (RSP).

**FY 2008**



For FY 2008, the three staffs agreed to a range of \$59.0 to \$108.0 million, with a midpoint of \$83.5 million over the original FY 2007 appropriation. This includes the following costs and assumptions:

- \$25.5 million to adjust FY 2008 for the FY 2007 supplemental need.
- \$17.3 million for a 2.4% enrollment increase.
- \$7.8 million for 1.0% medical inflation.
- \$20.3 million to fund additional costs due to the FMAP decreasing from 61.98% to a projected 61.27%.
- \$2.3 million to complete the transition to the RSP.
- \$500,000 to replace funds carried forward for Field Operations in FY 2007.
- \$1.3 to fund increased enrollment in the Medicaid for Young Adults (MYA) Program.

**Citizenship Requirement**

The Federal Deficit Reduction Act (DRA) of 2005 required verification of citizenship during the Medicaid eligibility screening process. It is anticipated that this requirement will have an impact on the Medicaid budget. The DHS is coordinating with the Department of Public Health to assist Medicaid applicants with obtaining the required documents. The DHS also plans to assume any expense associated with an applicant obtaining a birth certificate.

**Medicaid Enrollment**



Medicaid enrollment decreased during the first three months of FY 2007 and experienced a large increase in October. The volatility of enrollment thus far makes forecasting for the rest of the fiscal year difficult. According to LSA estimates, enrollment during FY 2007 is projected to grow by 1.3%; however, no Medicaid clients have yet been dis-enrolled for failure to prove citizenship. Clients were given 90 days to obtain proper documentation. November enrollment figures should reflect the dis-enrollment of any clients who were up for review in July and were unable to document their citizenship status.

The effects of the citizenship requirement will likely continue throughout FY 2007, since renewal dates for Medicaid clients are distributed throughout the year.

**RTS Services**

Beginning July 1 of this year, the DHS began de-linking Medicaid Rehabilitative Treatment Services (RTS) from the Child Welfare System. Changes to Adult Rehabilitative Option (ARO) services also began on July 1. Both changes are the result of the federal Centers for Medicare and Medicaid Services (CMS) requirements related to documentation and eligibility. Starting January 1, 2007, services formerly provided under RTS and ARO will be provided through the Remedial Services Program (RSP). A Licensed Practitioner of the Healing Arts will determine eligibility and Medicaid-enrolled Remedial Service Providers will provide services. Providers can transition to

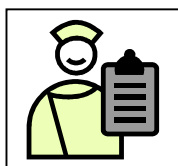
the new RSP any time before January 1, 2007. No new ARO or RTS services will be authorized after January 1.



New service definitions will likely result in increased costs to the State and counties, as some services formerly matched with federal funds will now be paid with 100.0% State or county funds. The increased State cost in Medicaid is estimated to be \$7.0 million for FY 2007 and is included in the supplemental estimated need.

The DHS is also applying for a new waiver-type service offered in the DRA that has the potential to offset increased county costs by offering services formerly provided under ARO that could not be provided under RSP.

### Nursing Facilities



The DHS submitted a State Plan Amendment (SPA) to the CMS that would have allowed them to pay nursing facilities one-third of the Skilled Nursing Facility Market Basket Index for the last quarter of FY 2006 and increase nursing facility rates to spend up to the FY 2006 cap. Since public notice was not given prior to the start of the final quarter of the fiscal year, the SPA was approved for only the last four days of FY 2006 at a total cost of \$450,000, with a State share of \$164,000.

Legislative leaders and the Governor directed the DHS to resubmit this State Plan Amendment for the quarter beginning October 1, 2006. The amendment allows nursing facility rates to be adjusted to pay up to the FY 2007 cap of \$177.7 million. This is an increase of \$10.5 million in total dollars and a cost of \$3.9 million to the State. Since the cap is not equivalent to an appropriation, the funding for this increase had not previously been considered and is included in the FY 2007 supplemental appropriation estimate.

Bed days for nursing facilities are down 1.68% in FY 2007. Since nursing facilities' reimbursement is based partially on bed days, nursing facilities may receive less than currently estimated under the submitted SPA, increasing rates for one quarter if bed days stay low. Additionally, facility expenditures, even after the increase, could be an estimated \$7.0 million below the FY 2007 cap.

### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

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## DEPARTMENT OF VETERANS AFFAIRS EXPENDITURES AND NEW HIRES UPDATE

### FY 2006 Expenditures

The Department of Veterans Affairs expended 100.0% of the FY 2006 budget, with a transfer of \$5,000 from the Veterans License Plate Fund.

### FY 2007 Expenditures

The Department has submitted its first quarter expenditures for FY 2007. The Department received a \$3,000 donation from the American Legion in addition to the State appropriation. The following chart provides the FY 2006 budget and expenditures, and the FY 2007 budget and first quarter expenditures.

	<u>FY 2006 Budget</u>	<u>FY 2006 Actual</u>	<u>FY 2006 Percentage</u>	<u>FY 2007 Budget</u>	<u>First Quarter FY 2007 Exp.</u>	<u>First Quarter FY 2007 %</u>
<b>Iowa Dept. of Veterans Affairs (IDVA)</b>						
Resources:						
Appropriation	\$332,114	\$332,114		\$532,651	\$43,950	
Transfer from License Plate Fund	5,000	4,978				
Donations	1			3,000	3,000	
Total Resources	<u>\$337,115</u>	<u>\$337,092</u>		<u>\$535,651</u>	<u>\$46,950</u>	
Expenditures:						
Personal Services	\$240,780	\$239,874	99.62%	\$429,218	\$54,536	12.71%
Personal Travel In State	3,200	2,928	91.50%	4,000	778	19.45%
State Vehicle Operation	2,000	2,655	132.75%	2,400	1,047	43.63%
Depreciation on Vehicle	2,760	2,760	100.00%	2,760	460	16.67%
Personal Travel Out of State	4,200	7,034	167.48%	5,500	920	16.72%
Office Supplies	1,610	1,942	120.62%	2,060	0	0.00%
Facility Maintenance Supplies	5		0.00%	5	30	609.20%
Equipment Maint.&Supplies	3,360	1,712	50.95%	3,360	0	0.00%
Housing&Subsistence Supplies	55	81	147.27%	55	27	48.93%
Ag. Conservation & Horticult. Supplies	40	42	105.00%			0.00%
Other Supplies	60	261	435.00%	60	103	171.67%
Food (for schools & meetings)	1,230	1,412	114.80%	1,080	103	9.51%
Postage	600	667	111.17%	2,500	11	0.45%
Communications	4,464	5,055	113.24%	7,280	915	12.57%
Rentals	444	1,003	225.90%	446		0.00%
Utilities	2,400	2,933	122.21%	2,400		0.00%
Outside Services	10	8	80.00%	50,000	8,334	16.67%
Intra-State Transfers	50,000	50,000	100.00%			0.00%
Outside Repairs/Service	256	0	0.00%	3,074	60	1.95%
Reimb.to Other Agencies (DAS, Public Defense)	12,410	11,149	89.84%	10,406	3,087	29.67%
ITS Reimbursements (DAS)	971	387	39.86%	465	27	5.85%
Workers Comp Reimbursement	2,960	2,960	100.00%	3,978		0.00%
Equipment < \$5,000	100	484	484.00%	294		0.00%
I.T. Equipment, leases, software, supplies	2,000	1,745	87.25%	3,110		0.00%
State Aid (\$600/yr per War Orphan)	1,200		0.00%	1,200		0.00%
Total Expenditures	<u>\$337,115</u>	<u>\$337,092</u>	99.99%	<u>\$535,651</u>	<u>\$70,438</u>	13.15%

**FY 2007 Staff Hires**

House File 2734 (FY 2007 Health and Human Services Appropriations Act) required the Department to report the status of adding 2.0 FTE positions approved by the General Assembly by October 15. The Department reported on October 24 that the additional FTE positions have not yet been filled. The Department of Administrative Services provided 26 applicants to the Department on October 5.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

**INJURED VETERANS PROGRAM UPDATE**

**Injured Vets Program**

The Injured Veterans Program was enacted in HF 2080 (Veterans Appreciation Programs Act) and amended in SF 2312 (Injured Veterans Program Act). The Program received a \$1.0 million General Fund appropriation for FY 2006 that was permitted to carry forward into FY 2007.

**Program Purpose**

The Program was designed for grants up to \$10,000 per veteran for those injured after September 11, 2001, in the line of duty in a combat zone or in a zone where the individual was receiving hazardous combat pay and evacuated. These include Iraq, Afghanistan, Kuwait, Kosovo, and Bosnia.

**Grant Payments**

The Department of Veterans Affairs reports that between the May 2006 enactment of the Program and October 6, 2006, 61 veterans have received grants, and \$497,500 has been expended, for an average grant of \$8,156. The Department is in the process of providing the dates of evacuations.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Jennifer Acton (Ext. 17846)

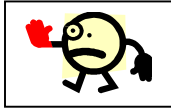
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**HOUSE GOVERNMENT OVERSIGHT COMMITTEE MEETING**

**Committee Meeting**

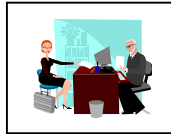
The House Government Oversight Committee met on October 30-31.

**Transfer Juveniles**



Marilyn Lantz, Chief Juvenile Court Officer for the Fifth Judicial District, and Mary Nelson and Jim Krogman, Department of Human Services (DHS), addressed the Committee regarding procedures and issues relating to the transfer of juveniles from county detention centers to the State Training Schools (STS) at Eldora and Toledo. Admission criteria to the STS was summarized, with the notation that they were established several years ago in an effort to ensure that the STS received and served youth with relatively serious criminal backgrounds or who had previously been unsuccessfully placed in other treatment programs.

**Discrimination Claims**



Beverly Clark, Ylonda Shook, and Dorothy Polk testified in regard to allegations of discriminatory employment practices by the Department of Workforce Development (IWD). A customer service test was required when applying for an opening at IWD, and that test was found to be racially biased. Additional discussion included the extent to which the test was administered in other departments, whether it continues to be utilized, whether State employment practices should be reexamined regarding agency discretion, the demographic make-up of IWD personnel, and job security issues relating to the allegations. The Committee plans to continue examination of these claims at future meetings.

**State Payment Program**



The Committee heard from county Central Point Coordinators (CPCs) and DHS personnel regarding concerns and issues relating to the transfer of State Payment Program mental health cases to counties of residence, effective October 1, 2006, and pursuant to legislation passed during the 2006 Legislative Session. Patty Erickson-Puttmann, CPC, Woodbury County, summarized CPC responsibilities and identified as major concerns a reduction in current expenditures by 10.0% through unidentified means and the elimination of reimbursement for payment of medications after a 90-day period.

Discussion included concerns of curtailing services due to a lack of funding, how curtailment would be implemented, notification procedures, and the prospects of a required departmental report by December 1 adequately addressing the issue. Jim Overland, DHS, reported that the county estimates were based on historical cost figures, cited the State's Indigent Drug Program as a significant savings opportunity, and emphasized that the Department's intent is to proceed in partnership with counties and not leave them adversely impacted financially.

**E-911 Update**

John Benson and David Miller, Department of Public Defense, Homeland Security and Emergency Management Division, updated the Committee regarding implementation of the wireless E-911 Phase II deployment. Mr. Benson distributed a map indicating that Phase II services facilitating the capacity to pinpoint caller location have currently been deployed in 93 counties. He said the service will be operational across the entire State by January 1, 2007. He reviewed a revenue and expenditures chart for the third

quarter of 2006, discussed the upcoming establishment of links with Wisconsin and Illinois, and identified the upgrading from analog to data circuitry as a possible usage for carryover funds.



**More Information**

Discussion included the merits of allocating funding for public education on the existence of Phase II capability versus better training of dispatchers, with a lack of consistent dispatcher response identified as a problem. Mr. Miller also discussed the importance of achieving communications interoperability between command centers through interconnecting technology.

The next meeting is scheduled for December 13-14. Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764) Douglas Wulf (Ext. 13250)  
Richard Nelson (2-5822)

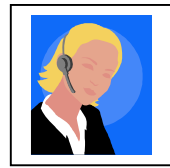
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**SUSTAINABLE NATURAL RESOURCES MEETING**

**Committee Meeting**

The Sustainable Natural Resources Funding Advisory Committee met on October 11 in Toledo and on November 1 in Marshalltown.

**October Meeting**



The following was discussed at the October meeting:

- The Request for Proposal (RFP) was created and submitted to 11 firms to conduct a public survey on the willingness to pay for natural resources. The timeline for this process will include awarding a contract in October and having the survey conducted in November.
- Funding mechanisms to sustain natural resources were discussed. The Committee agreed on the following:
  - Designating a portion of gaming and gambling revenue.
  - Increasing sales tax.
  - Designating a portion of the Underground Storage Tank Fund.
  - Charging a water permit fee to companies that use large quantities of water.

**November Meeting**

The following was discussed at the November 1 meeting:

- The firm of Fairbank, Maslin, Maullin, and Associates was selected to conduct the public opinion poll.
- Funding sources that will be included on the public opinion poll include:
  - Designating a portion of the funding from gaming and gambling receipts.
  - Charging sales tax on lottery tickets.
  - Increasing sales tax and designating that for natural resources.
  - Providing tax incentives for natural resource conservation.



**Public Hearing**

The Committee discussed the format of the public hearing that will be held on November 9 on the Iowa Communication Network (ICN). A brief presentation will be made by the Committee to the public, and then the public

will submit comments and questions to the Committee. The Department of Natural Resources support staff will also create and send press releases.

#### More Information

The next meeting is scheduled for December 11. For more information, access the web site at:

<http://www.iowadnr.com/sustainablefunding/index.html>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

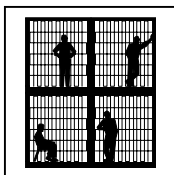
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### BOARD OF CORRECTIONS MEETING

#### Board Meeting

The Board of Corrections met on November 3 at the Iowa Medical Classification Center at Oakdale. Warden Brandt provided an overview of facility operations.

#### System Study



The Durrant Group provided an update on the study of the State correctional system. Preliminary observations include:

- The mission of clinical treatment is not clearly defined.
- The definition of mental illness is unclear and impacts treatment and management decisions.
- There is a shortage of clinical staff and resources.

#### Evidence-Based Practices

Staff presented information on the implementation of Evidence-Based Practices within the corrections system. Use of these practices should impact recidivism, support a safe and orderly system, enhance victim services, and provide value for the resource dollar.

#### Sheridan Facility Tour

Chair Robyn Mills led discussion regarding the tour of the Sheridan Correctional Facility in Illinois. The entire facility is dedicated to the therapeutic community substance abuse treatment program. Similar programs exist at Mitchellville and Anamosa, but on a much smaller scale.

#### Special Needs Unit



Warden Brandt and staff provided an overview and tour of the 178-bed Special Needs Unit currently under construction. The construction will be substantially completed in January 2007. The operating budget is currently funded for June 2007. Director Maynard indicated the Department will seek a supplemental appropriation to open the facility during the current fiscal year.

#### More Information

The next meeting is scheduled for January 11, 2007. Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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### ADVISORY COUNCIL ON BRAIN INJURIES MEETING

#### Council Meeting

The Advisory Council on Brain Injuries met on October 20. The Council received updates from representatives of various State agencies that provide or regulate services to those with brain injuries.

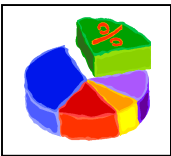


**DPH Update**



The Council also received information from Department of Public Health staff regarding the implementation of HF 2772 (Brain Injury Services Act), including:

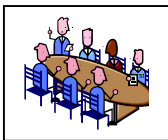
- The phase-in (beginning with 100 slots) of paying for the nonfederal share of the Brain Injury Waiver waiting list. Depending on the number of slots that are filled, the second phase may begin in November or December. The Department plans to use the FY 2008 appropriation for Brain Injury in HF 2797 (FY 2007 Standing Appropriations Act) to annualize the cost in FY 2008 from those slots not expended for 12 months in FY 2007. The number of slots possibly added in FY 2008 will depend on the estimated FY 2008 funds reserved for the annualization of FY 2007 slots and the FY 2009 Brain Injury appropriation from the Mental Health allowed growth or other sources of funding. The staff indicated the Department of Human Services (DHS) will focus on the FY 2007 waiting lists of other Home and Community-Based Service (HCBS) waivers, since the Brain Injury Waiver has the Department of Public Health funding source.
- The Resource Facilitation and Brain Injury Registry component of HF 2772 has been contracted to the Brain Injury Association of Iowa. In HF 2797, \$173,125 was allocated from the appropriation for these services.
- The training and data collection contract component of HF 2772 has been contracted to the Iowa Association of Community Providers.
- The cost-sharing component of those not eligible financially for the Brain Injury Waiver. Discussion took place regarding the possibility of no financial income or resource cap with the statutory requirement of “no more than 30.0%” of the cost of services for the cost-share requirement or a limit of \$90,000 financial income and no resource cap for a family of four (which is approximately 500.0% of the Federal Poverty Limit (FPL)). Incomes less than that amount would have a decreased cost share requirement. The discussion was referred to a work group within the Council membership.



**Veterans Expansion**

The Council also discussed the expansion of the identification process and linking individuals to services for veterans returning from Iraq and Afghanistan who may have endured a brain injury or need services in future years.

**Council Reviews**



The Council reviewed the following:

- The Department of Human Services Functional Assessment Workgroup regarding the Mental Health/Mental Retardation/Developmental Disabilities/Brain Injury (MH/MR/DD/BI) Commission efforts.
- The MH/MR/DD/BI Funding Legislative Interim Committee meeting.
- The DHS’ Enhancing Community Options Workgroup and the request for feedback to the proposed recommendations regarding various waivers.

**Legislative Agenda**

The Council discussed the Advisory Council on Brain Injuries 2007 Legislative Agenda and approved the following proposals:

- Maintain the FY 2008 appropriation of \$4.9 million and request a FY 2009 appropriation of \$7.5 million for the Brain Injury Services Program.
- The DHS request for a FY 2007 supplemental or a FY 2008 appropriation to reduce the Brain Injury Waiver waiting list by 300 individuals. With the additional 100 “slots” being purchased from the FY 2007 Brain Injury Services Program funds, the October 2006 waiting list is 250 for the Brain Injury Waiver.





- The support of the Children's Mental Health Redesign proposal.
- The support of the continued MH/MR/DD/BI Redesign to include services in counties for brain injury.
- A legislative interim committee to address the need of Iowans receiving services outside of Iowa for neurobehavioral services.

**More Information**

The next meeting is scheduled for January 19, 2007. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

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**CHILDREN'S MENTAL HEALTH WAIVER REVIEW  
COMMITTEE MEETING**

**CMH Waiver Committee**

The Children's Mental Health (CMH) Waiver Review Committee met on November 6.

**Waiver Participation**

The Committee reviewed current waiver participation data, including the waiting list and a breakdown of the location of service providers by county.

**Proposed Waiver**



Lin Christensen, Iowa Medicaid Enterprise (IME), provided an overview of a grant application recently submitted to the federal Centers for Medicare and Medicaid Services (CMS) that would provide \$50.0 million per year for five years to initiate a new waiver service for children with mental health issues. Iowa's proposed waiver would assist children in more easily transitioning from Psychiatric Medical Institutes for Children (PMICs) to living at home. Grant awards will be announced in late November.

**Remedial Services**

Ms. Christensen also discussed how the introduction of the Remedial Services Program (RSP) would impact the CMH Waiver. She was hopeful that making RSP available to children on the Waiver could potentially allow the Waiver to offer more non-traditional services, since RSP will now be funding traditional skills services. Discussion followed on the possible new services that could be provided under the Waiver. Ms. Christensen reminded Committee members that, to meet federal CMS guidelines, changes must be revenue neutral.

**More Information**

The next meeting is scheduled for January 8, 2007. Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

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**ISSUE REVIEW – LIDAR INTERACTIVE MAPPING  
TECHNOLOGY**

**Issue Review**

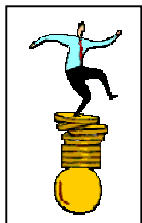
The Fiscal Services Division of the LSA recently released an *Issue Review* that provides information on Light Detection and Ranging (LiDAR), which is technology that scans the earth with lasers from an aircraft to obtain elevation information.

**Background Information**

Light Detection and Ranging (LiDAR) is a new technology that creates an interactive topographic map with elevation data that is accurate within eight inches. Current data has an accuracy of within five feet. In addition to an

airplane, LiDAR uses a laser rangefinder, an inertial measurement unit, a global positioning system, and an on-board computer.

**Funding**



The General Assembly did not appropriate funds for LiDAR for FY 2007. The Department of Natural Resources (DNR) met with other State and federal agencies to obtain agreements to assist in payment for LiDAR data. The Environmental Protection Commission approved a LiDAR contract at the June 19 meeting for a cost of \$2.0 million, with the DNR committed to \$1.0 million of funding and the federal Natural Resources Conservation Service (NRCS) committed to \$1.0 million.

Since the June 19 meeting, the DNR has obtained contract commitments from the Department of Agriculture and Land Stewardship and the Department of Transportation to fund the data collection for the State at a cost of \$4.1 million.

**More Information**

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

STAFF CONTACT: Debra Kozel (Ext. 16767)

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**ISSUE REVIEW – IOWACARE PROGRAM**

**Issue Review**

The Fiscal Services Division of the LSA recently published an **Issue Review** on the IowaCare Program.

**Background Summary**



The **Issue Review** provides a summary of the Program and statistics from the first year of operation, including enrollment, premium payment, and funding information. The Program was created during the 2005 Legislative Session in response to the elimination of federal Intergovernmental Transfers (IGTs), and coverage began on July 1, 2005. Eligible groups include:

- Individuals with incomes below 200.0% of the Federal Poverty Level (FPL), currently \$40,000 per year for a family of four, who are not eligible for traditional Medicaid.
- People with chronic conditions who served in the State Papers Program in FY 2005.
- Pregnant women with incomes under 300.0% of the FPL.
- IowaCare providers include the University of Iowa Hospitals and Clinics (UIHC), the four State Mental Health Institutes (MHIs), and Broadlawns Medical Center for Polk County residents.

**Current Situation**

Enrollment in IowaCare on November 2, 2006, was 14,520. It peaked in July at 17,011 and has declined since. Of those currently enrolled, 46.0% owe a monthly premium.

**FY 2006 Funding**

For FY 2006, IowaCare was fully funded with a combination of Polk County property taxes and State and federal funds totaling \$100.8 million. Supplemental funds were appropriated for FY 2006, and funding will likely need to be reviewed during the 2007 Legislative Session.

**More Information**

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

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

**ISSUE REVIEW – TRANSPORTATION COSTS IMPACT ON SCHOOL BUDGETS**

**Issue Review**

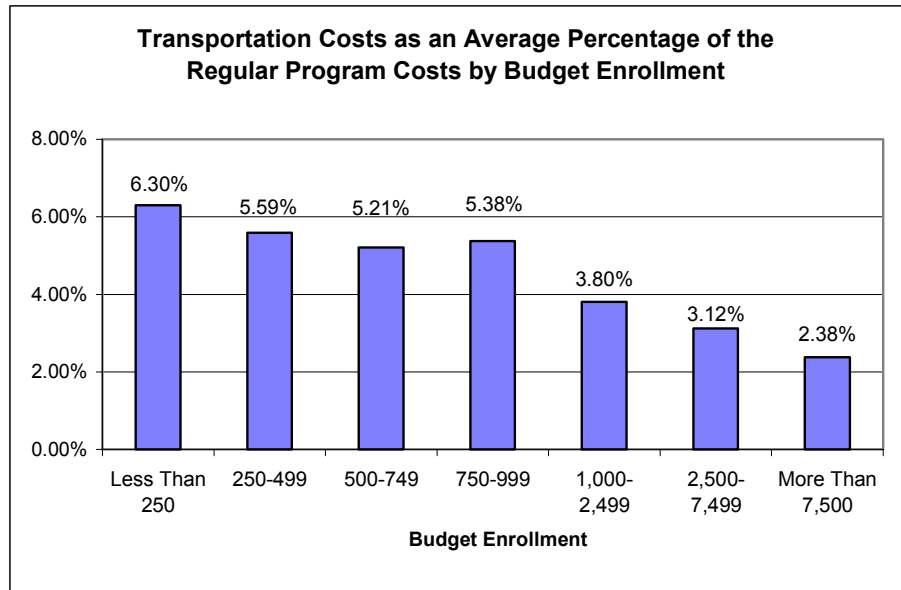
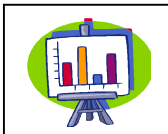
The Fiscal Services Division of the LSA recently published an *Issue Review* examining the differential impact of transportation costs on school district budgets.

**Background Summary**



School districts are required to provide transportation to students living more than a specified distance from their school and may provide transportation to children living within these limits for a fee, referred to as discretionary transportation payments. Transportation costs, except for discretionary transportation payments, which were eliminated from this analysis, come primarily from the schools' operating budgets. To the extent funds are spent for transportation, that funding is not available for other educational purposes.

In FY 2005, school districts spent a total of \$99.1 million for transportation and, on average, transported 233,000 students. School district budget enrollment is negatively correlated with the percentage of regular program costs spent on transportation. The following chart shows that the smaller schools spent significantly more of their budgets on transportation.



**More Information**

Copies of the *Issue Review* may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>. Details by school district are available from the LSA upon request.

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## AUDIT REPORT – IOWA EDUCATIONAL SAVINGS PLAN TRUST

### Audit Report

The LSA received a copy of the FY 2006 Audit Report for the Office of the Treasurer of State, Iowa Educational Savings Plan Trust.

### Financial Statements



The Audit provided an opinion on the annual financial statements maintained by the Trust's management. The financial statements consist of the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets. The Report stated the financial statements fairly present the financial condition of the Trust in conformity with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, and there were no findings.

### Compliance/Internal Control

A second purpose of the Audit was to review compliance with provisions of laws, regulations, and contracts for impacts on the financial statement amounts and internal controls over the financial reporting. The Audit disclosed no findings of non-compliance and no material weaknesses with internal controls regarding the Trust.

### More Information

The Audit may be accessed on the web site at: <http://auditor.iowa.gov/reports/reports.htm>. Additional information is available from the LSA upon request.

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