



BILL & AMENDMENT SUMMARY

Mental Health Levy HF 650/SF 504

Status of Bill: Ways & Means Calendar
Committee: Ways & Means (passed 22-0)
Lead Democrats: Rep. Forbes
Floor Manager: Rep. Rizer
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Background

Beginning in July of 2014, the way non-Medicaid county Mental Health and Disability Services (MHDS) were funded changed. Each county had to certify a levy for payment of services from the County Mental Health and Disabilities Services Fund. County revenues from the levied taxes cannot exceed an amount equal to the county's base year expenditures for mental health and disabilities services. If a levy is certified, a county cannot exceed, increase, or appeal a property tax levy limit. Monies must be appropriated from the Property Tax Relief Fund to counties for mental health and disability regional service system for providing county base property tax equivalent equalization payments and the per capita growth amount. As the funding system is set, if a county had a per capita levy rate below \$47.28, then the county has received an equalization payment from the State for the difference. In addition, a county with a levy rate above \$47.28 is required to lower their levy rate down to that amount.

This new funding system is not a permanent long-term solution. To fully fund the MHDS System, the State has to provide supplemental funding. The current system will expire on June 30, 2018. House File 650 is only a patch for counties and regions and continues to push a long-term solution down the road. There is currently an expected \$10 million shortfall for two counties, Polk and Scott. Without additional funding services could be cut, and lowans would lose needed services.

Summary

House File 650 slightly changes the mental health levy, but does not provide a permanent fix. This only pushes the issue along by three years. The amendment summary details the changes in the bill and the amendment, combined.

Amendment

H-1415 by Rizer of Linn (R). This is a strike-after conforming amendment which includes the entire original bill, with additional changes to make the bill identical to SF 504.

Per-Capita Levies

House File 650 modifies the per capita levies within a region by equalizing the taxes that can be levied in each county on a regional basis and setting a maximum per capita amount that can be levied across the entire region. The new regional per capita cap, starting in FY 19, is set by adding the sum of the maximum amount each county in the region would be able to levy for FY 18 under current law and dividing that by the region's general population. Counties then multiply the new regional cap by their populations to get the new county cap. The regional caps are limited statewide to \$47.28 per capita. As a result, all counties will contribute to their region equally.

Spend Down of Cash Reserves

The MHDS Regions are required to spend down excess money in their reserve accounts. Some regions do not spend all of the money they collected from taxes; as a result, they have built up large cash balances. Current law allows regions to maintain 25% ending fund balances, but many have far more than that. The bill requires large regions (over 100,000 population) to keep no more than 20% in reserves, and smaller regions (under 100,000 population) are required to keep no more than 25% in reserves. The maximum amount a region can keep does not include any encumbered funding that is earmarked for future expenses. Regions would be allowed to spend down their reserves prior to FY 22, in accordance with their regional management plan. If excess reserves exist after that time, they would be forced to spend them down before being allowed to collect more taxes.

Budget Certification

Starting July 1, 2017, a county may recertify the county's budget if necessary to implement the bill if the bill takes effect after the budget certification deadline. A recertified budget must be recertified to the county auditor no later than 30 days after the effective date of the bill, and protests to the budget must be filed no later than 10 days after the county's budget is recertified.

Medicaid Offset Repayment

Chapter 426B.3, Per Capita Funding, Repayment of Medicaid Offset Amount, is repealed, and conforming changes are made.

Polk County - Broadlawns

Broadlawns Hospital is required to give Polk County \$6.3 million a year for the next three years, FY 18, FY 19, & FY 20, to pay for services. Specifically, \$2.8 million is transferred to the Polk County MHDS fund, and \$3.5 million are in donated services to Polk County MHDS. At the same time, the levy rate is locked in at the current \$31.40 per capita rate for Polk County. Starting in FY 21, there is no funding plan for Polk County.

Civil Commitment

The bill allows a sheriff or deputy to inform a hospital that a person who has been ordered by a judge to be taken in for evaluation has been or may be charged with a crime, and request that the hospital call the Sheriff's Office before releasing the person being evaluated.

DHS Stakeholder Workgroup

The Department of Human Services is required to convene a stakeholder workgroup to make recommendations regarding the delivery of, access to, and coordination and continuity of mental health, disability, and substance use disorder services and supports for individuals with mental health, disability, and substance use disorder needs, particularly for individuals with complex mental health, disability, and substance use disorder needs. DHS must submit a report to the Governor and Legislature by December 15, 2017.

MHDS Regions Workgroups

Each regional administrator for the MHDS Regions are required to convene a stakeholder workgroup to create collaborative policies and processes relating to the delivery of, access to, and continuity of services for individuals with complex mental health, disability, and substance use disorder needs. The workgroup must meet regularly starting July 1, 2017, and submit a community service plan to DHS by October 16, 2017. In addition, DHS is required to submit a report summarizing the services implemented by each MHDS Region by December 3, 2018.

Eastern Iowa MHDS Region

In addition, the Eastern Iowa MHDS Region, which includes Cedar, Clinton, Jackson, Muscatine, and Scott Counties, must work with DHS complete an analysis of the Region's mental health, disability, and substance use disorder service and support concerns and identify funding opportunities to address the areas of concern in the Region. The Region's plan must include the concerns, strategies to address the concerns, and the budget.

Interim Committee

Legislative Council is asked to authorize an interim study committee to analyze the viability of the levy caps established in the bill. The interim study committee is to meet during the 2018 Legislative Interim and submit a report to the Legislature by January 15, 2019.

Effective Date

The bill takes effect upon enactment and applies to fiscal years beginning on or after July 1, 2017.

Furlong, Zeke [LEGIS]\G:\Caucus Staff\ZFurlong\2017\Human Resources\Bill Summ - MH Levy.docx\April 20, 2017\5:42 PM