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## HOUSE REPUBLICAN STAFF ANALYSIS

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Bill: Senate File 525  
Committee: Appropriations  
Floor Manager: Representative Renee Schulte  
Date: July 20, 2011  
Staff: Brad Trow (1-3471)

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### **Mental Health/Disability Services Redesign**

With the House amendment, Senate File 525 provides a blueprint for the redesign of adult mental health systems in Iowa. The bill expresses legislative intent for the state to assume responsibility for the provision and funding of those services that are part of the state Medicaid program, while non-Medicaid services would be the responsibility of still to be created regions.

The bill calls for the creation of a legislative interim committee to propose legislation for revising disability services for adults during the 2011 interim. The Department of Human Services is directed to set up a number of work groups and committees to address specific, specialized issues and provide recommendations to the interim. The legislation developed by the interim committee would be presented to the 2012 legislative session for consideration, with full implementation of the changes to occur by July 1, 2013.

The bill also provides for redesigning children's mental health services. The Department of Human Services will establish a work group on children's issues that is directed to submit a plan by December 2012. Additionally, the bill provides for a transformation of services provided through psychiatric medical institutions for children (PMIC's) including the placement of these services in the state's Medicaid mental health managed care contract in FY 2013.

The bill rewrites Iowa Code provisions related to community mental health centers (CMHC's) and provides for changes in terminology dealing with substance abuse issues. Both of these divisions go into effect in FY 2013.

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## Summary of Action

**Human Resources Committee Action** – The Human Resources Committee **PASSED** House Study Bill 83 on a vote of 21-0 on March 2, 2011.

**Appropriations Committee Action** – The Appropriations Committee **PASSED** House File 626 on a vote of 23-0 on April 19, 2011.

**Initial Senate Action** – The Senate **ADOPTED** Senate File 525 on a vote of 27-23 on April 20, 2011.

**Initial House Action** – The House **ADOPTED** Senate File 525, as amended, on a vote of 86-12 on May 10, 2011.

**Further Senate Action** – The Senate **AMENDED and ADOPTED** Senate File 525 on a vote of 36-9 on May 26, 2011.

**Further House Action** – The House **REFUSED TO CONCUR with** Senate File 525, as amended, on June 22, 2011.

**Conference Committee Appointed** – The House appointed the following to the Conference Committee on Senate File 525 on June 22, 2011: Representatives Upmeyer (chair), Fry, Heddens, Schulte, and M. Smith.

**Final Senate Action** – The Senate **ADOPTED** the Conference Committee report and **ADOPTED** Senate File 525 on a vote of 46-0 on June 24, 2011.

**Final House Action** – The House **ADOPTED** the Conference Committee report and **ADOPTED** Senate File 525 on a vote of 88-0 on June 27, 2011.

**Final Action** – The Governor **SIGNED** Senate File 525 on July 26, 2011.

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## Section by Section Analysis

### DIVISION I

### SERVICES SYSTEM REDESIGN

**Section 1 – Adult Disability Services System Redesign** – The section states that it is the Legislature’s intent to redesign adult disability services in Iowa. The section lays out the overall plan for the redesign:

1. The state would take assume all funding responsibility for the services that are part of the Medicaid program;
2. Non-Medicaid services would be administered on a regional basis, through multiple local points of access to both parts of the system;
3. Replacing legal settlement as the basis of determining financial responsibility for services; and
4. Meeting the needs of consumers in a responsive and cost-effective manner

To lay the groundwork for this change, the Legislative Council is asked to have an interim committee to implementation plan for mental health services in 2011. The implementation plan is required to include a number of key decisions. The interim committee would be made up of an equal number of members from each caucus. The interim would propose legislation to implement the plan developed.

The interim committee would have specific tasks assigned for it to examine. These are:

- Address property tax issues and sources of funding for the adult disability services system;

- Ensure the state maintains its funding commitments to the redesigned system;
- Recommend revisions to the requirements for mental health professionals involved in the commitment process;
- Develop legislation for changing references in the Code to “mental retardation” instead to “intellectual disabilities”; and
- Consider issues posed by the repeals enacted in Senate File 209, including further revisions to the repeal dates.

Additionally, the section authorizes the Department of Human Services to establish work groups to assist the interim committee by addressing specific issues related to the redesign. These groups would be authorized to be created immediately and are to submit preliminary reports to the interim committee by October. DHS would be responsible for assembling the groups and ensuring proper representation by various interest groups, including providers, consumers, counties, and members of the interim committee. The work groups are to complete their work and submit final reports to the interim committee by December 9, 2011.

The section requires the Department to establish two work groups, one dealing with the adult mental health system and the other dealing with the adult intellectual and developmental disability system. These groups would be required to address a number of issues, including:

- Identifying clear definitions and requirements involving:
  - Those being served by the system;
  - Core services to be provided in a manner that promotes cost-effectiveness, uniformity, accessibility and best practices approaches;
  - Outcome measures that focus on consumer need;
  - Quality assurance measures;
  - Provider accreditation, certification, and licensure;
  - Input on regional service plans and delivery provisions; and
  - Regular discussions on a number of management issues including documentation requirements, electronic health records, reimbursement issues, and cost projections.
- Incorporating Strategies to ensure service delivery is in compliance with the Olmstead decision;
- Examining options for Medicaid in providing services;
- Implementing a statewide plan for providing mental health crisis response services;
- Implementing mental health sub-acute level of care;
- Developing a proposal for addressing provider shortages, include scope of practice issues and provider reimbursement from non-public sources;
- Reviewing best practices to identify an approach for brain injury services in Iowa. This will be done by a separate work group;
- Developing a proposal for addressing services and issues for co-occurring disorders (mental health, intellectual and developmental disabilities, and substance abuse). Each group will address this issue and the Department may choose to establish a separate work group on the issue;
- Developing a proposal for redesigning publicly-funded children’s disability services. This will be done by a separate work group which shall submit an initial report in December 2011 and a final report in December 2012;

- Developing a proposal for the provision of non-Medicaid services on a regional basis. The proposal will be put together by a separate work group, including county supervisors and CPC administrators, and will address:
  - Modifying the 28E process and addressing contracting issues;
  - Providing for performance-based contracting between DHS and regions to ensure multiple points of access to the disability system;
  - Developing a 3-year service plan and annual update to address consumer needs;
  - Providing for regions to implement performance-based contracts with providers for non-Medicaid services;
  - Providing a process for regions to determine who will provide Medicaid targeted case management within the region;
  - Providing for regular coordination between DHS and regions;
  - Identifying the population size necessary for effective regions;
  - Addressing “full participation” by counties;
  - Developing a dispute-resolution process;
  - Providing a consumer appeal process, with an option for appeals beyond the regional level to be heard by administrative law judges;
  - Addressing financial management issues;
  - Considering the revisions to the community mental health center laws (later in the bill);
  - Proposing other criteria for establishing regions, including:
    1. Requiring the region to consist of contiguous counties;
    2. Evaluating a proposed region’s capacity to provide core services and perform other required functions;
    3. Requiring the region to have at least one community mental health center or federally qualified health center that has the ability to provide outpatient services;
    4. Requiring the region to have or be in close proximity to a hospital with an inpatient psychiatric unit or mental health institute;
    5. Requiring the region’s administrative structure have clear lines of accountability and provide methods to limit administrative costs to no more than 5 percent of expenditures.

The target date for implementing the work developed through this process would be July 1, 2013. Any expansion of services proposed would be subject to available funding.

**Section 2 – Continuation of Workgroup by Judicial Branch and Department of Human Services** – The section calls for the continuation of the workgroup addressing issues related to the civil commitment process. The group is directed to address the following additional topics in 2011:

- Options to the current system of sheriff-provided transportation;
- Role, supervision, and funding of mental health advocates;
- Comprehensive training for law enforcement on dealing with individuals having a mental health crisis;
- Mental health courts;
- Civil Commitment pre-screening; and
- Other promising reforms involving mental health and the criminal justice system.

The group is directed to complete their work and submit their report by December 15, 2011.

**Section 3 – Service System Data and Statistical Information Integration** – The section directs the Department of Human Services, Department of Public Health, and the Community Services affiliate of ISAC to agree on a plan for an integrated data and information system for mental health, disability services, and substance abuse services. The group is directed to complete their work and submit their report by December 15, 2011.

**Section 4 – Department of Human Services** – The section provides an FY 2011 appropriation of \$250,000 to the Department of Human Services for the tasks assigned to the Department. The section gives DHS authorization to utilize a sole source process to support the work of the Department. Any funds not spent by the end of FY 2011 are carried forward into 2012.

**Section 5 – Effective Upon Enactment** – The section makes Division I of the bill effective upon enactment.

## **DIVISION II CONFORMING PROVISIONS**

**Section 6 – Conforming Provisions** – The section directs the Legislative Services Agency to put together a study bill of changes to conform Code provisions with the redesign effort implemented in the bill.

## **DIVISION III PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN**

**Section 7 – Professional Staffing at PMIC's** – The section amends Iowa Code section 135H.3 by stating that the panel of health care professionals that can provide care at a PMIC may include an advanced registered nurse practitioner.

**Section 8 – Non-Iowa residents Using PMIC Services** – The section amends Iowa Code section 135H.6 (8), by clarifying that PMIC beds for children not from Iowa and whose services are being paid for by another state do not count towards the bed limitation applied to a facility through its certificate of need.

**Section 9 – Psychiatric Medical Institutes for Children and Related Services – Transition Committee** – The section expresses the intent of the Legislature to improve services, performance, and reimbursement of PMIC's in Iowa to improve the care received by children served at these facilities, as part of a larger effort to redesign children's mental health services in Iowa. The process would also support the development of specialized programs that are not currently available in Iowa and thus forcing children to seek treatment outside the state.

The Department of Human Services is directed to work with PMIC providers to develop a plan for transitioning PMIC services into the state's managed care contract for Medicaid-funded mental health services. The transition plan will also address the development of specialized programs to meet needs not currently provided for in-state.

Additionally, the transition plan is to address access and care coordination of services, integration of the children's mental health waiver with other services identified in the plan, admission and continued stay criteria, licensing standards and the potential need for revising them, alternative reimbursement and service models, reimbursement at all levels in the children's mental health system, conditions or behaviors that would warrant involuntary discharge or placement in an out-of-state facility, and identifying less intensive services.

The composition of the transition committee is defined in the bill and is charged with completing its work by December 31, 2011. A preliminary report shall be provided to the Mental Health Redesign interim committee in October of 2011, with the final report submitted to the interim by December 31, 2011 along with identifying any concerns raised by the interim that have been addressed.

Their report will be submitted to the Governor and Legislature by January 16, 2012. The committee will continue to meet to oversee the transition of PMIC services until December 31, 2013. The Department is instructed to submit an annual report on the implementation of the plan until December 31, 2016.

## **DIVISION IV COMMUNITY MENTAL HEALTH CENTERS COMMUNITY MENTAL HEALTH CENTERS – CATCHMENT AREAS**

**Section 10 – Implementation of Division – Legislative Intent** – The section states that it is the intent of the Legislature that the language in Division IV be studied as part of Mental Health Redesign interim committee's work and the 2012 legislative session to ensure that the changes in this division are consistent with the changes to Iowa's mental health system.

**Section 11 – Services System Roles** – The section provides intent language for the new chapter governing community mental health centers. Iowa Code section 230A.101 states that the role of DHS is to develop policies for the mental health system, while the role of the community mental health centers is to provide an organized set of services to meet the mental health needs of the people in their territory.

**Section 12 – Definitions** – The section provides a new set of definitions for chapter 230A.

**Section 13 – Designation of Community Mental Health Centers** – The section gives the Department of Human Services authority to enter into agreements with CHMC's to provide services and to establish catchment areas for CMHC's.

**Section 14 – Catchment Areas** – The section lays out how the catchment areas are to be designated by the Department. The section does provide that if a catchment area had more than one CMHC in it before October 2010, they can continue to have multiple CMHC's.

**Section 15 – Target Population – Eligibility** – The section provides who is eligible to receive services at a CMHC.

**Section 16 – Services Offered** – The section sets out the services that a CMHC is required to provide in its catchment area. These include:

- Outpatient services;
- 24 hour emergency services

- Day treatment, partial hospitalization, or psychosocial rehab services;
- Admission screening for voluntary patients;
- Community support services;
- Consultation services; and
- Education services.

Additionally, the CMHC is responsible for coordinating services provided by unaffiliated agencies.

**Section 17 – Form of Organization** – The section sets the guidelines for how a community mental health center is to be organized.

**Section 18 – Administrative, Diagnostic, and Demographic Information** – The section says that DHS may condition its support of a CMHC based on the agreement to provide certain information to the Department.

**Section 19 – Funding – Legislative Intent** – The section gives the Legislature’s intent that the funding for CMHCs come from combination of all funding sources. State funding is intended to be a sufficient amount to pay for core services and basic mental health and safety needs of Iowans in the catchment area.

The section also states that while a CMHC is required to offer services, providing these services is contingent upon sufficient funding.

**Section 20 – Standards** – The section provides the Department with the authority to recommend standards for designation as and operation of a community mental health center. These shall be approved by the state’s mental health commission.

**Section 21 – Review and Evaluation** – The section provides for the accreditation and review of CMHC’s based on standards recommended by DHS and adopted by the state’s mental health commission.

**Section 22 – Repeal** – The section repeals the existing community mental health center laws, contained in Iowa Code section 230A.1 through 18.

**Section 23 – Implementation – Effective Date** – The section provides that CMHC’s will continue to operate under the rules and standards in place on June 30, 2012 until they have been replaced by DHS or the state’s mental health commission. The Department is required to complete the rules process to implement Division V by June 30, 2012.

Except for the requirement to complete the rules prior to FY 2013, Division V shall go into effect on July 1, 2012.

## **DIVISION V PERSONS WITH SUBSTANCE-RELATED DISORDERS AND PERSONS WITH MENTAL ILLNESS**

**Section 24** – The section amends Iowa Code section 125. (1) by changing the reference to “persons with substance-related disorders”.

**Section 25** – The section strikes Iowa Code section 125.2 (2), which is the definition of “chemical dependency”.

**Section 26** – The section amends Iowa Code section 125.2 (5) by striking the definition of “chronic substance abuser” and replaces it with “Substance-related disorder”.

**Section 27** – The section amends 125.2 (9) by changing the reference to “persons with substance-related disorders”.

**Section 28** - The section amends Iowa Code 125.2 by striking subsections 13, 17, and 18. These define “intoxicated person”, “substance abuse”, and “substance abuser”.

**Section 29** – The section amends Iowa Code section 125.9 (2. 4) by changing the reference to “persons with substance-related disorders”.

**Section 30** – The section amends Iowa Code section 125.10 (2-5,7-9,11,13,15,and 17) by changing the reference to “persons with substance-related disorders” and adding the Department of Public Health to these subsections.

**Section 31** – The section amends Iowa Code section 125.12 (1,3) by changing the reference to “persons with substance-related disorders”.

**Section 32** – The section amends Iowa Code section 125.13 (1) (a) by changing the reference to “persons with substance-related disorders”.

**Section 33** – The section amends Iowa Code section 125.13 (2) (a, c) by changing the reference to “persons with substance-related disorders”.

**Section 34** – The section amends Iowa Code section 125.15 by changing the reference to “persons with substance-related disorders”.

**Section 35** – The section amends Iowa Code section 125.32 by changing the reference to “persons with substance-related disorders”.

**Section 36** – The section amends Iowa Code section 125.33 (1,3,4) by changing the reference to “persons with substance-related disorders”.

**Section 37** - The section amends Iowa Code section 125.34 by changing the reference to “person with a substance-related disorder due to intoxication or substance-induced incapacitation”.

**Section 38** – The section amends Iowa Code section 125.43 by changing the reference to “persons with substance-related disorders”.

**Section 39** – The section amends Iowa Code section 125.43A by changing the reference to “persons with substance-related disorders”.

**Section 40** – The section amends Iowa Code section 125.44 by changing the reference to “persons with substance-related disorders”.

**Section 41** – The section amends Iowa Code section 125.46 by changing the reference to “persons with substance-related disorders”.

**Section 42** – The section amends Iowa Code section 125.75 by changing the reference to “persons with substance-related disorders”.

**Section 43** – The section amends Iowa Code section 125.75 (1) by changing the reference to “persons with substance-related disorders”.

**Section 44** – The section amends Iowa Code section 125.80 (3-4) by changing the reference to “persons with substance-related disorders”.

**Section 45** – The section amends Iowa Code section 125.81 (1) by changing the reference to “persons with substance-related disorders”.

**Section 46** – The section amends Iowa Code section 125.82 (4) by changing the reference to “persons with substance-related disorders”.

**Section 47** – The section amends Iowa Code section 125.83 by changing the reference to “persons with substance-related disorders”.

**Section 48** – The section amends Iowa Code section 125.83A (1) by changing the reference to “persons with substance-related disorders”.

**Section 49** – The section amends Iowa Code section 125.84 (2-4) by changing the reference to “persons with substance-related disorders”.

**Section 50** – The section amends Iowa Code section 125.91 (1-3) by changing the reference to “person with a substance-related disorder due to intoxication or substance-induced incapacitation”. The section also changes references to “chief medical officer of a facility” to “attending physician”.

**Section 51** – The section amends Iowa Code section 226.9C (2) (c) to provide that a person who is being admitted to a dual diagnosis facility be pre-screened either by a mental health professional employed by a county or these services or a mental health professionals meeting certain requirements.

**Section 52** – The section amends Iowa Code section 229.1 (12) by changing the definition of “psychiatric advanced registered nurse practitioner” to add that the required certification be in psychiatric mental health care.

**Section 53** – The section amends Iowa Code section 229.15 (3) (a) by striking the requirement that a doctor personally evaluate a patient at least on an annual basis in order for an ARNP to fill out periodic reports required under chapter 229.

**Section 54** – The section amends Iowa Code section 229.21 (2) by changing the reference to “persons with substance-related disorders”.

**Section 55** – The section amends Iowa Code section 229.21 (3) (a-b) by changing the references to “persons with substance-related disorders”.

**Section 56** – The section amends Iowa Code section 229.21 (4) by changing the references to “persons with substance-related disorders”.

**Section 57** – The section amends Iowa Code section 230.15 (2) by changing the references to “persons with substance-related disorders”.

**Section 58** – The section amends Iowa Code section 232.116 (1) (l) (2) by changing the reference to “persons with substance-related disorders”.

**Section 59** – The section amends Iowa Code section 600A.8 (8) (a) by changing the reference to “persons with substance-related disorders”.

**Section 60** – The section amends Iowa Code section 602.4201 (3) (h) by changing the reference to “persons with substance-related disorders”.

**Section 61 – Implementation of Act** – The section states that Iowa Code section 25B.2 (3) does not apply to Division V.

**Section 62 – Effective Date** – The section makes Division V effective on July 1, 2012.