Over the last two years, Iowa lawmakers have added 27 new services to the regional Mental Health and Disabilities Service system, including new services for adults with complex needs and a continuum of services for children.  The result was a comprehensive, uniform set of services available to Iowans no matter where they live, no matter what their age.  Missing was a plan to pay for these new services, as well as provide sustainable funding for the base services available before the expansion.   Governor Kim Reynolds proposed the following changes to the MH/DS regional services system effective for the next fiscal year (FY21):

* **Counties will be able to collect $12.50 per person (per capita) living in the county from property taxes.** Right now, counties collect between $25 and $47.28 per capita, so this is a significant cut in property taxes (about $77 million). The $12.50 per capita tax will bring in about $40 million to the system.
* **The State will give the MH/DS Regions $80 million of the money collected from the new sales tax.**  This would be distributed by population, so regions would receive about $25.43 per capita.  The Governor plans to increase this base amount by $15 million over the next two years ($10 million more in FY 2022, $5 million more in FY 2023) to help pay for the new services that must be started in those years.
* **Regions are currently spending $112 million on services**. This plan will bring in about $40 million in local property taxes and $80 million in state funds, for a total of $120 million. That amount increases to $130 million next year, and $135 million the following year.

**Invest in Iowa Act**

Senate Study Bill 3116/House Study Bill 657

Division X: Mental Health Region Funding

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| **Section** | **SSB 3116/HSB 657** |
| 43 | Strikes references to MH/DS Regional Services Fund, which is eliminated in Section 44. (Eliminates language requiring the MH/DS Division Administrator to administer & distribute the funds) |
| 44 | Strikes the MH/DS Regional Services Fund and replaces it with a MH/DS State Supplement Fund:* Separate from the general fund and administered by DHS.
* Funds only to be used for state supplement payments for MH/DS regional services.
* Distributed to regions on a per capita basis (beginning FY21).
* Population for the per capita calculation is the most recent estimates (same as used currently).
* Counties must submit core services domain reports to DHS (date due set by rule).
* Content of reports set by DHS rule, in consultation with MH/DS Commission.
* DHS will use report & other information currently submitted by regions to determine if the region is in “substantial compliance” with required core service domains for children & adults.
* “Core service domains” do not include Access Centers, ACT services, comprehensive facility and community based crisis services listed in section 5 of [331.397](https://www.legis.iowa.gov/docs/code/331.397.pdf) & [331.397A](https://www.legis.iowa.gov/docs/code/331.397A.pdf) (including mobile crisis, 23-hour observation, crisis stabilization, crisis residential, subacute, and IRSH).
* Counties not in compliance are to implement corrective action plan or lose up to 15% of the state supplement payment (consistent with what was in MH/DS Regional Services Fund).
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| 45 | Corrective (Iowa Health and Wellness Plan mental health services reports). |
| 46 | Clarifies that state supplement payment can be reduced by 15% if region fails to comply with corrective plan for the provision of core services.  |
| 47 | Corrective (eliminates language about the distribution of MH/DS Regional Services Fund to regions). |
| 48 | Strikes language guaranteeing regions funds for growth in non-Medicaid MH/DS services, service costs, additional service populations, additional core service domains, and more people served. |
| 49 | Strikes limitations on county MH/DS expenditures (base expenditure amount or per capita expenditure amount, whichever is less), and references to regional per capita expenditure target. |
| 50 | Replaces $47.28 statewide per capita expenditure target with $12.50 per capita expenditure target. |
| 51 | Corrective (replaces reference to MH/DS Regional Fund with State Supplement Payment). |
| 52 | Strikes calculation for regional per capita expenditure target amount. |
| 53 | Corrective to implement new $12.50 statewide per capita expenditure target. |
| 54 | Corrective. |
| 55 | Allows counties to recertify MH/DS levies and budgets; counties have 30 days after enactment to recertify, and budget protests must be made within 10 days of recertification. Allows for region to amend its service plan to reflect funds available. |
| 56 | Allows DHS to adopt emergency rules (double barrel). |
| 57 | Applies to FY 2021 & after. |
| 58 | Makes changes effective upon enactment. |