

IOWA MENTAL HEALTH AND DISABILITY SERVICES COMMISSION

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August 1, 2024

Kelly Garcia, Director  
Iowa Department of Health and Human Services  
Lucas State Office Building  
312 E. 12th Street  
Des Moines, IA 50319

Dear Director Garcia,

This letter is to communicate the recommendations of the MHDS Commission for addressing the increase in MHDS service costs in the Iowa Department of Health and Human Services (HHS) funding submission for State Fiscal Year 2026.

The Mental Health and Disability Services (MHDS) Commission has a statutory duty to advise the Administrator, the Council on Human Services, the Governor, and the General Assembly on budgets and appropriations concerning disability services. (Iowa Code 225C.6). In addition, when Senate File 2315 became law in 2012, it created the mental health and disability regional services fund. The law afforded the MHDS Commission an opportunity to provide input into your annual budget submission.

The Commission values this opportunity for timely consultation regarding this aspect of the Department's budget estimate and has convened a committee to review available sources of information and formulate our recommendation:

We recommend increasing the previous year's budget by 3.4% to account for overall population growth, and the resulting increase in service utilization. According to the U.S. Census Report for 2023, Iowa's population was 3,207,004 on July 1, 2023, and per the U.S. Census Report for 2022, Iowa's population was 3,200,517 on July 1, 2022, for an increase in population of 6,487 (1% increase). We believe this recommendation increase accommodates the state's increase in population.

While the MHDS Commission appreciates the legislative action implemented towards the increase of rates, those increases still continue to be insufficient in meeting the service needs of Iowans across the state.

Without continued annual rate increases, beyond the Cost of Living and Consumer Price Index, there will continue to be barriers in recruiting and retaining sufficient qualified staff to fulfill the alignment goal of consistent services across the state. There is disproportionate impact in rural and urban areas in comparison to services available in the larger metropolitan areas.

State of Iowa's recognition of and support of increased rates, recruitment and retention continue to be a high priority for providers. The inability to recruit and retain qualified staff has a significant negative impact on the system for the past 4-5 years. Current rates continue to be insufficient to support recruitment and retention of adequate staffing for services across the state in both rural and urban areas. We recommend that the state develop a sustainable plan for funding extending beyond American Rescue Plan Act (ARPA) funding.

While the MHDS Commission appreciates the state's use of ARPA funding for recruitment and retention, we recommend continuing to address Iowa's MHDS workforce shortage with a multi-pronged approach. The most urgent issue facing Iowa's mental health and disability system continues to be attracting and retaining a provider workforce, particularly for Medicaid providers. This is a statewide problem but is particularly severe in rural areas. The current workforce shortage affects every position from psychiatrists to direct care. This workforce shortage has a significant impact on the state's ability to provide mandated services implemented with the passage of the Complex Needs and Children's Behavioral Health System legislation. The recommendations are:

1. We appreciate the state's recent increase in rates for mental health and substance use disorder treatment services. We recommend that the state reevaluate Medicaid fee schedules following implementation of the recent increase to ascertain if they support levels of compensation necessary for workforce expansion, especially in the current competitive work environment. We recommend the state continue to evaluate the sufficiency of all provider fee schedules, and again recommend that the state implement annual adjustments to the fee schedule based on inflation rates. Workforce shortages are noted in psychiatry, nursing, and licensed mental health professionals, along with many frontline support positions within behavioral health and disability service agencies.
2. Now that Iowa has become a Certified Community Behavioral Health Clinic (CCBHC) Demonstration state, we recommend continued engagement with stakeholders in the development of a sustainable CCBHC model for the State of Iowa to reduce costs through improved outcomes.

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3. We support a recovery oriented system with a heightened focus on prevention and early intervention. To accomplish this, the Behavioral Health system must have sufficient rates to support a workforce to meet the needs of all Iowans.

We again want to offer a sincere thank you to Governor Reynolds for her ongoing support and assistance in securing funding resources for provision of behavioral health services in Iowa.

We have very much appreciated the State's gathering of information and input from stakeholders which resulted in an implementation of specific service rate increases while also providing a rate increase to all other providers. This collaborative effort has resulted in rate adjustments to support some services. The collaboration between the State and providers to identify additional underfunded rates for services will continue improve the system alignment goal of the State.

We are grateful to note that there continues to be increases for Medicaid rates built into the system beginning 2026. Investing dollars into the Behavioral Health and Aging and Disability system helps to address the ongoing concerns with sustainability of programming across the state and development of new programs to address the gaps in services increases the likelihood of improved health outcomes for Iowans.

The members of the MHDS Commission look forward to continuing to work with you and the Department to ensure that Iowa's regional mental health and disability services system has adequate resources to effectively support and respond to the needs of Iowans.

Thank you for your consideration.

Sincerely,

Diane Brecht, Chair

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