

MHDS Regional Operational Guidance 2024-01
October 3, 2024

TO: Mental Health and Disability Services Regions

FROM: Iowa Department of Health and Human Services (HHS)
Division of Behavioral Health and Disability Services

SUBJECT: FY25 Budget Amendments and Spending

EFFECTIVE: Immediately

Authority

Pursuant to 441—IAC—25.19, regional Annual Service and Budget Plans (ASBPs) and amendments to those plans must be approved by Iowa HHS prior to implementation.

On May 15, 2024, the governor signed HF2673 into law. This legislation transitions the state to a new Behavioral Health Service System beginning on July 1, 2025.

This guidance is intended to assist regions in navigating budgeting and spending during this time of system transition. HHS intends to work collaboratively with all regions during the transition to wind down region operations.

Annual Service and Budget Plan (ASBP) Amendments

An ASBP amendment should be submitted when:

- Adding funding for new programs or services not already in the approved ASBP
- Planning expenditure increases or decreases that vary from the approved budget by \$100,000 or more for any service or administrative budget line, section total, or grand total.
- Data on monthly expenditures indicates an unanticipated increase for any service or administrative budget line, section total, or grand total, that if sustained through the budget year will result in an increase of \$100,000 or more from the approved budget.
- The beginning fund balance changes due to receipt of audit results from the previous fiscal year
- Adjustments to revenue occur due to award of incentive funds
- Anticipated revenue reductions occur due to withholding or repayment of state funds based on the FY2024 end fund balance

All ASBP amendments must be approved by the regional governing board and submitted to HHS at least 45 days before the date of implementation. The amendment must be approved by HHS before implementation begins and before any related change in expenditures occurs.

Spending

All regions should monitor expenditures on at least a monthly basis to project spending for the remainder of the fiscal year. Iowa HHS will monitor expenditures through reports generated by CSN. To ensure that these reports are accurate and up-to-date, Regions should strive to have all payments posted to CSN and reconciled within 30 days.

Any regions anticipating a possible deficit for SFY 2025 must submit an ASBP amendment that includes a plan for containing expenditures in the Financial Forecasting Measures section of the document.

The plan should provide documentation that:

- All services eligible for reimbursement through other sources, including Medicaid or private insurance, are reimbursed via the primary payer source. This includes the use of Medicaid In Lieu Of Services (ILOS) for individuals on an HCBS waiting list.
- The region is not paying for the duplication of any service, including all forms of case management or service coordination

The plan should prioritize methods such as cutting administrative costs or implementing waiting lists, rather than making cuts to current services for individuals. Any waiting lists, budget cuts, or other cost containment measures must not limit access to emergency or crisis services, inpatient hospitalization, or mandated services. Access to basic needs supports such as housing, rent, or meals should only be limited if there is an alternate funding source available.

If it is necessary to make cuts to current services, the plan should provide the rationale for selection of services to be cut. If a service is being eliminated, the plan must include provisions for transitioning individuals to other lower cost services. If the amount of a service is being limited, the plan must include a method for monitoring affected individuals for adverse effects.

Review of ASBP amendments will also consider the region's spending on provider grants or special funding requests within the budget year.

Regional Wind Down

Over the coming months, HHS will work with regions to ensure a smooth transition in terms of continuity of care for individuals, transfer of data, and close out of finances.

House File 2673 requires transfer of unencumbered or unobligated regional funds to the state behavioral health fund before July 1, 2025. To account for anticipated costs not included in the monthly expenditure reports, regions will also need to track and submit regional liability for employment and post-employment benefits such as accrued PTO and pensions.

HHS will be issuing additional guidance regarding determination of obligated funding amounts, the time period needed to pay FY 2025 claims, and close out of other region business.