

March 4, 2025

County Official: Questions and Answers

What is happening related to Mental Health and Disability Services (MHDS) Regions?

On May 15, 2024, **House File 2673** was signed into law. Under this legislation, Iowa will combine the work and funding for mental health and addictive disorders to build a statewide [Behavioral Health Service System](#). The system will be guided by a behavioral health service system [statewide plan](#) focused on building clear access points, reducing confusion and duplication of effort, eliminating administrative red tape, and ensuring access to a behavioral health safety net for **prevention, early intervention, treatment, recovery, and crisis services**.

The legislation ordered Iowa HHS to organize [behavioral health districts](#) and procure for Behavioral Health Administrative Service Organizations (BH-ASOs) to coordinate and oversee services in each behavioral health district. On December 13, 2024, Iowa HHS [announced the selection](#) of the Iowa Primary Care Association to serve as the BH-ASO for all seven behavioral health districts.

Legislation also transfers the management of [disability services](#) from the MHDS Regions to the Division of Aging & Disability Services. To focus on systems of support, care, and connection for all Iowans and families with disability-related needs, Iowa HHS will identify disability-focused organizations to participate in growing the Aging and Disability Resource Center (ADRC) network and create Disability Access Points (DAPs).

Iowa HHS announced the [selection of four current MHDS Regions](#) to serve as DAPs across the seven districts on February 25, 2025. These DAPs will play a crucial role in ensuring a smooth transition on July 1, 2025 and building clear pathways so individuals with disabilities and their caregivers have streamlined access to the support and services they need. The new system is designed to enhance coordination, simplify service navigation, and improve overall accessibility to disability-related resources.

Does this mean that the State is ending the 28E agreements for the MHDS Regions?

No. Although MHDS Regions will not be responsible for ongoing service management activities outlined in Iowa Code 225C after June 30, 2025, their status as 28E organizations remains intact until the entity is legally dissolved. The counties forming 28E entities and their MHDS Regional Administrators will make decisions on the appropriate timeframes to complete regional close out and transition activities and

decide about the dissolution or continuation of their 28E agreements. This planning and the decisions made will be documented in each MHDS Region's close out plan.

MHDS Regions and their member counties will plan and budget for close out activities which should include forecasting for assets, asset liquidation, debts, claims, and other liabilities or obligations. This may include, but is not limited to:

- Payments for services rendered prior to July 1, 2025
- Financial management fees (e.g. audit firms, regional fiscal agent)
- Details of projected employee obligations
- Cost of staffing and other expenses required to close out MHDS Regional operations

Pursuant to HF2673, Section 163, counties retain ongoing responsibilities whether the 28E entities are dissolved as of July 1, 2025, or continue into the close out period.

What information is available from Iowa HHS about MHDS Regional close out planning?

Iowa HHS joined the MHDS Regional Administrator monthly collaboration meeting on February 13, 2025, to answer Administrator questions and outline expectations for MHDS Regional close out. Many Regional Administrators shared that they were already constructing their close out plans and offered to collaborate to support those who had not begun the work at that time. Iowa HHS also issued a formal [Regional Operational Guidance](#) letter to the Regional Administrators on February 26, 2025. The letter outlines detailed guidance for MHDS Regional Administrators to submit the MHDS Regional close out plans to Iowa HHS no later than April 1, 2025.

Where will providers send bills for services rendered in April, May and June?

Regional close out plans will include a projected claims run out period and a plan for how the region will resolve claims for services rendered through June 30, 2025. Administrators are required to include their timeliness requirements for when providers or vendors must submit claims or invoices for payment. Close out plans require a projected timeline, volume, and budget, including ongoing staffing needs, associated with payment close out.

Close out plans must also include a communications plan for providers, vendors, current MHDS Regional clients, local officials, and other system stakeholders. The plan should specify any changes in requirements for timely submission, include a timeline for communication, and outline the content.

How will this be accomplished? Will there be arrangements with fiscal agents and / or an ongoing relationship with CSN? Will MHDS Regions maintain regional staff? If so, for how long?

MHDS Regional Administrators will outline how they will accomplish the work in their close out plans. Those plans will include the region-level decisions to maintain current

systems and staffing, fiscal agent relationships and phase out or succession planning as current employees move into new roles. MHDS Regional close out activities are expected to be completed no later than December 31, 2025.

MHDS Regional Administrators must demonstrate in their close out plan the utilization of obligated or encumbered funds and projected proceeds from the liquidation of MHDS Regional assets (e.g., vehicles, buildings, computers, office equipment, cellular phones, furniture) prior to requesting funding for MHDS Regional close out activities. Iowa HHS will review requests for additional funding against legal requirements, MHDS Regional expenditure history, and, as applicable, overlap or inclusion in ongoing DAP work and will work with each Administrator to ensure the MHDS Regional close out is as efficient as possible.

After the claims runout final date, will there be a process for a final reconciliation of finances and return of any unspent funds?

Yes. After the conclusion of the claims run out period, the Regional Administrator will complete a final reconciliation of funds using a reporting template to be supplied by Iowa HHS. This will include all revenues and expenditures for FY25, as well as for the claims run out period. The final reconciliation form will be submitted to Iowa HHS no later than 15 business days following the conclusion of the close out period.

Any remaining funds are also to be returned to Iowa HHS for deposit into the behavioral health service system fund within 15 business days following the conclusion of the close out period.

How will the amount of funding to consider obligated for the cost of paying claims be determined for the claim runout period?

MHDS Regional Administrators will utilize their experience to ensure an informed projection of the time and amount of funding necessary to obligate for the claims run out period.

Who will be responsible for payment for inpatient hospital stays where the stay spans over the date threshold?

For claims for inpatient hospital stays that began prior to July 1, 2025, but end after that date, the region will be responsible to pay for the full inpatient stay.

What is required for maintenance of and access to fiscal year 2025 records to allow for audits to be completed? Who will pay for them and who will respond to questions from the auditor?

In accordance with Chapter 11.6, 28E organizations having gross receipts more than \$100,000 are required to obtain an audit. All MHDS Regions currently in operation are required to have an audit for fiscal year 2025. Iowa HHS encourages all MHDS regions to have external auditors perform internal control testing / observation and risk assessments prior to June 30, 2025.

The responsibility for maintenance of and access to fiscal year 2025 and prior records to allow for audits to be completed is the responsibility of the 28E organizations. MHDS Regional administrators will work with the 28E member counties to plan for this responsibility in their close out planning. Payment for SFY25 auditor services, plans for how records will be retained, and how future audit inquiries will be directed should be accounted for in the close out plan.

Should the 28E entity legally dissolve, the member counties retain the responsibility to maintain records needed for the completion of external audit[s]. Member counties will be responsible for fees associated with completion of the audit in the event the 28E is terminated.

What authority does Iowa Department of Health and Human Services (Iowa HHS) have to receive MHDS region client data?

Based on the contracts executed between the legacy Iowa Department of Human Services (now Iowa HHS), Iowa HHS is a joint owner of all information collected pursuant to those contracts (outlined in Contract Section 2.8.1). Iowa HHS is authorized to have this information to continue the provision of health care services for Iowans.

How does Iowa HHS protect the confidentiality of client or patient information?

Iowa HHS follows all state and federal laws regarding the use, maintenance, and disclosure of data, records, and information. Data are not shared outside of the department unless required by law and/or the receiving entity is subject to the same level of confidentiality and data protection requirements as the department. Examples of data protection laws that Iowa HHS follows include, but are not limited to HIPAA, 42 CFR Part 2, Iowa Code 217.30, and Iowa Administrative Code 441-9.

What will happen to current county employees who are paid for by MHDS Regions?

Iowa Code 225C will sunset on June 30, 2025. MHDS Regional Administrators and the counties who participate in 28E arrangements that form the MHDS Regions currently employ staff who serve a variety of functions. At times, those functions have been shared between regional and county functions and responsibilities.

Regional Administrators will work with their Regional Governing Boards and the 28E member counties to determine the level of ongoing staffing need for both for the MHDS Regional close out period and, for the awarded entities, for transition to fulfilling the responsibilities of Disability Access Points.

For other county employees previously paid through MHDS Regional funding, counties will make local decisions on continuation based on their assessment of need, priorities and budget availability at the county level.

Will the BH-ASO or the DAP pay counties to maintain their county employees?

The functions required of the BH-ASO are not the same as the functions that have been performed by MHDS Regional or county employees. Thus, the BH-ASO will not pay counties to retain county employees. If a county has an ongoing need or wishes to retain employees who were previously funded through MHDS Regional funds they may choose to budget for the costs of ongoing employee retention.

The BH-ASO will begin recruiting for local employees, such as System Navigators, in the spring and will reach out to current MHDS Regional Administrators for recruitment and transition planning for employees who may wish to apply to work with the BH-ASO.

The awarded DAP entities are all current MHDS Regional Administrators and, as such, may retain county employees to support required DAP functions. Each DAP is charged with planning for transition of responsibilities, including staffing decisions, related to disability services across their awarded district(s). This work will be completed in the spring of 2025 to ensure readiness by July 1st.

What about the responsibilities under Iowa Code 229 (mental health commitment) and how will payments work?

Iowa HHS will pay commitment-related treatment expenses for eligible individuals. After July 1, 2025, treatment providers will submit their claims to Iowa HHS for payment.

The BH-ASO will adopt responsibilities under Iowa Code 229, including:

- Receive notices for hearings, orders, etc.
 - The BH-ASO will utilize orders to help verify and resolve invoices submitted for payment.
- Make referrals to appropriate evaluation or treatment services.
 - System Navigators can support service referral.
- When necessary, document financial eligibility.
 - System Navigators and behavioral health safety net service providers will be equipped to document individual eligibility based on rule.
- Reimbursement of commitment-related transportation expenses for eligible individuals.
 - Invoices will be submitted to the BH-ASO for payment of sheriff's transport. Invoices can be submitted at whatever frequency the submitting entity chooses.
 - BH-ASO will seek to secure current MHDS Regional transportation vendors for other commitment-related transportation.
- Payment of attorney fees for eligible individuals
 - Attorneys will submit invoices to the BH-ASO for reimbursement.
- Designation of hospitals or facilities.

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- The BH-ASO will seek advise regarding the adoption of current MHDS Regional designated hospitals and treatment facilities through the district planning process in April 2025.
 - Designated hospitals and treatment facilities will be shared publicly as part of each district's behavioral health service system plan.

Are there any changes for mental health advocates and how will the payments work?

There are minimal changes related to mental health advocates. County supervisors continue to appoint and prescribe reasonable compensation for mental health advocate services based on the duties performed by the advocate and in accordance with the personnel policies set forth by the board for county employees. Mental health advocates will continue to be employed by counties, including for purposes of chapters 97B and 670. Counties may seek reimbursement from the BH-ASO for mental health advocate expenses by submitting an invoice and documentation supporting reasonable compensation of mental health advocate services to the BH-ASO. Invoices may be submitted at whatever frequency the county chooses.