

**MHDS Regional Operational Guidance 2025-02**

June 10, 2025

---

**TO:** Mental Health and Disability Services (MHDS) Regions

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

**SUBJECT:** MHDS Region Close Out – Post Transition

**EFFECTIVE:** Immediately

---

**Background**

In [MHDS Regional Operational Guidance 2025-01](#) issued on February 26, 2025, HHS provided to Mental Health and Disability Services (MHDS) Regions guidance for navigating the transition period concluding June 30, 2025, and for estimating ongoing staffing and financial obligations. Those post-transition obligations and activities were documented in close out plans submitted by each MHDS Region to HHS. This guidance is intended to assist regions with the transfer of unencumbered and unobligated moneys to the treasurer of state, executing approved close out plans, and submitting to HHS an account for the final reconciliation of funds at the conclusion of regional operations.

**Close Out Plans**

The most current close out plans submitted by MHDS Regions as of May 29th, 2025, are considered acceptable for the purposes for determining funds and staff to be retained to fulfill SFY25 financial obligations and complete associated close out functions. The region may only retain monies in the amount detailed in the most recently submitted close out plan. All unencumbered and unobligated regional funds, those not committed towards obligations detailed in the region's close out plan, shall be transferred to the Iowa Department of Health and Human Services by June 30, 2025.

**Transfer of Funds**

Funds not obligated to fulfill the close-out plan must be transferred to Iowa HHS before July 1, 2025. Regions should code this as an FY25 expenditure under of COA 14951. Funds should be paid to the State of Iowa Department of Health and Human Services.

- To remit electronically: Routing# 121000248 / Account# 684609100000000003.
- To pay by check:  
Iowa Department of Health and Human Services  
Attn: Cashier  
321 E. 12th Street  
Des Moines, IA 50319

**Monthly Meetings and Progress Reporting To HHS**

During the post-transition period beginning July 1, 2025, through the completion of a region's close plan ending on or before 12/31/2025, regional staff retained for the purpose of completing close out period activities are expected to engage in the following reporting and monitoring activities in collaboration with Iowa HHS:

- Participate in monthly MHDS region close-out plan monitoring meetings.
  - Those meetings are scheduled to occur on the third Thursday of every month, 7/17/25 through 12/18/25, 2:30-4:00pm via Microsoft Teams.
  - A single representative from each region that has not yet submitted a final reconciliation form to HHS is required to attend each meeting virtually.
- Notify Iowa HHS of any change for the primary point of contact for an MHDS region at least two business days before the change occurs.
- Respond to requests for information by email from HHS regarding claims run out, projected timelines, regional operations and capacity, asset liquidation, and close out budget & regional obligation tracking.
- Engage in virtual meetings with Iowa HHS as requested to provide updates on claims run out, projected timelines, regional operations and capacity, asset liquidation, and close out budget & regional obligation tracking.
- Continue to submit to HHS a monthly financial report and statement of employment benefit liability by the 5th of the following month. If the 5th falls on a weekend/holiday, use the next business day at the deadline.

**Final Reconciliation Form and Payments to HHS**

Iowa HHS will provide regions with a final reconciliation form which will include an accounting of all SFY25 funds as would normally be reported on the regional annual report, with the addition of a separate accounting of funds used during the close out period, reported on a cash basis. This form will document the amount of excess funds to be returned to Iowa HHS at the end of the close out period.

The final reconciliation form is to be submitted to Iowa HHS, and any excess funds are also to be returned no later than 15 business days following the conclusion of the close out period. Funds should be returned using the same instructions noted above. Concurrently, MHDS regions are expected to submit year end regional data warehouse reporting, financial and service data, for both SFY25 and SFY26 to HHS as a part of the final reconciliation process.

In the event a region's SFY25 MHDS service obligations and administrative costs, including those occurring during the close out period, exceeds the moneys remaining in regional accounts, pursuant to HF2673, Section 163, those debts remain due and owing after the transition period concludes and become the responsibility of the region's component counties should the administrative entity's 28E become dissolved.

**SFY2026 Audits**

If a region has over \$100,000 that is obligated for use in SFY26, they are required to have an audit completed as is typical practice under the 28E agreement.

For regions that obligate less than \$100,000 for use in SFY26, they are not required to have an audit completed, but instead HHS shall conduct a thorough review of their final financial reconciliation report required under the close out plan. If questions/concerns arise upon review of the report, HHS may ask that an audit be completed. Reference [MHDS Regional Operational Guidance 2025-01](#) for guidance on FY2025 audits and financial record retention. For payment of FY25 and FY26 audits, the region can obligate funds to be held by a county or fiscal agent to be used for that purpose.