

Iowa Mental Health and Disability Services Commission

July 30, 2021

Kelly Garcia, Director
Iowa Department of Human Services
Hoover State Office Building
1305 E. Walnut 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 Department of Human Services (DHS) funding submission for State Fiscal Year 2023.

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 and afforded the MHDS Commission an opportunity to provide input into your annual budget submission to “determine and include in the estimate the amount which in order to address the increase in the costs of providing services should be appropriated to the fund for the succeeding fiscal year.”

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:

1. We recommend increasing the previous year’s budget by 0.2% to account for overall population growth, and the resulting increase in service utilization. According to the U.S. Census Report for 2020, Iowa’s population was 3,190,369 on April 1, 2020. The U.S. Census Bureau estimates the current population at 3,203,769. We believe this recommendation increase accommodates the state’s increase in population.
2. We recommend an additional increase of 2.4% to account for year-over-year inflation. The Substance Abuse and Mental Health Services Administration (SAMHSA) uses the GDP price index as calculated by the Bureau of Economic Analysis (BEA) in its health expenditure inflation adjustments. Our recommended increase corresponds to the same GDP price index.
3. We recommend addressing Iowa’s MHDS workforce shortage with a multi-pronged approach. The most urgent issue facing Iowa’s mental health and disability system is 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:

- We recommend a state evaluation of the sufficiency of all fee schedules, and moving forward, that the state implements annual adjustments to the fee schedule based on inflation rates. We also recommend that specific fee schedules be re-evaluated as necessary. Current Medicaid fee schedules will not support levels of compensation necessary for workforce expansion, especially in the current competitive work environment. Shortages are noted in the area of psychiatry, nursing, and licensed mental health professionals, along with many frontline support positions within behavioral health and disability service agencies. Many provider or agency fee schedules have not been adjusted for inflation for 5 to 10 years or more.
- We recommend that the maximum allowable fund balance for Iowa's MHDS Regions be increased to 18% to provide coverage of a minimum of 45 days of operational expenses as this is best practice for business operations. As the state moves to a different funding mechanism for regional mental health services, we have concerns with the decision to only allow a 5% fund balance. A 5% fund balance does not sustain one month's worth of operational capital as one-month expenditures equal 8.3%
- We encourage DHS to support fully funding the standing state appropriations for the regional mental health services each year, and to " earmark " the full \$38 per capita, as identified in Senate File 619, for the regional MHDS system.
- We encourage DHS to evaluate potential costs related to the sustainability of a Certified Community Behavioral Health Center (CCBHC) model for the State of Iowa should the department desire to move further in that direction.

We want to offer a sincere thank you to Governor Reynolds for her ongoing support and assistance in securing additional funding resources during the COVID-19 crisis. Many providers would have found it very difficult to continue with the provision of services without this important source of financial support. We are grateful to note that there is a 1.5% increase for Medicaid rates built into the system beginning 2026. More money being put into the system helps to address the ongoing concerns with sustainability of programming across the state. We would also like to offer gratitude to the Governor for her support of telehealth legislation/funding passed during this past legislative session.

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,

A handwritten signature in black ink, appearing to read "Russell Wood", with a stylized flourish extending to the right.

Russell Wood, Chair