



# Iowa Department of Human Services

Terry E. Branstad  
Governor

Kim Reynolds  
Lt. Governor

Charles M. Palmer  
Director

December 15, 2015

Michael Marshall  
Secretary of Senate  
State Capitol Building  
LOCAL

Carmine Boal  
Chief Clerk of the House  
State Capitol Building  
LOCAL

Dear Ms. Boal and Mr. Marshall:

Enclosed please find copies of reports to the General Assembly relative to the "Aging and Disability Resource Center and MHDS Commission Home Modification Assistance Program Plan".

This report was prepared pursuant to the directive contained in Senate File 505 Division XXVII. Senate File 505 directed the Aging and Disability Resource Centers (ADRC) and the Mental Health and Disability Services Commission (The Commission) to jointly develop a plan for a home modification assistance program to provide grants and individual income tax credits to assist with expenses related to the making of permanent home modifications that permit individuals with a disability to remain in their homes.

Please feel free to contact me if you need additional information.

Sincerely,

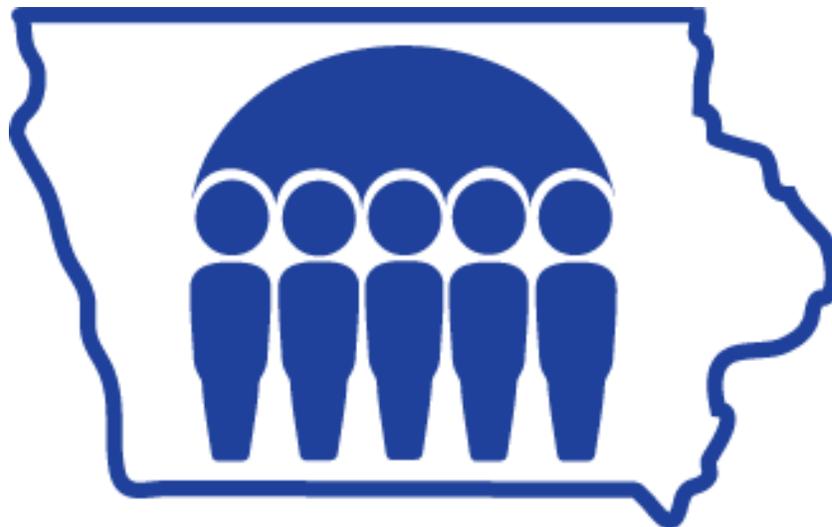
Paige Thorson  
Policy Advisor

PT/av

Enclosure

cc: Terry E. Branstad, Governor

# Iowa Department of Human Services



## *Aging and Disability Resource Center and MHDS Commission Home Modification Assistance Program Plan*

December 2015

## Executive Summary

Many lowans with a disability cannot live safely in their homes, and need to move into residential long-term care facilities rather than age in place. Currently, there are only local programs that assist individuals with a disability, and these programs do not currently serve the whole state. There is funding for home modifications available through the Medicaid program, but is only available to Medicaid members. There is a need for a statewide program that can assist lowans statewide.

Senate File 505 Division XXVIII directed the Aging and Disability Resource Centers (ADRC) and the Mental Health and Disability Services Commission (The Commission) to jointly develop a plan for a home modification assistance program to provide grants and individual income tax credits to assist with expenses related to the making of permanent home modifications that permit individuals with a disability to remain in their homes. The plan was to include the following:

- Criteria and procedures for establishing eligibility for individuals with a disability using the definition of a disability in 42 U.S.C. 12102
- Criteria to determine what types of modification expenses that will be eligible
- Criteria and procedures for receiving grants and tax credits under the program, and determine the maximum amount of grants and tax credits that may be provided to an individual under the program
- A provision stating that individuals are to utilize any funding for home modification under the Medicaid program to the fullest extent possible before becoming eligible to participate in this program to ensure that grants and tax credits do not supplant Medicaid program resources
- The plan shall provide grants to individuals with annual incomes that do not exceed 250% of the federal poverty level (FPL)
- The plan shall provide individual income tax credits to individuals with a disability and annual incomes that exceed 250% FPL, but do not exceed 450% FPL
- Avoid placing unrealistic expectations and overly burdensome requirements on individuals with a disability and their families, particularly those living in rural areas

## Introduction

The 86<sup>th</sup> General Assembly through Senate File 505 Division XXVIII directed the ADRCs and the Commission to consult with the Iowa Department on Aging (IDA), the Iowa Department of Human Services (DHS), the Iowa Department of Revenue (IDR), and other interested parties to develop a plan for a home modification assistance program. Currently, many lowans are forced into residential nursing care due to a variety of disabilities that make it unsafe for them to continue living in their own homes safely. Many of these individuals could continue living in their homes safely if they were able to make modifications to their homes such as ramps, wider doorways, or accessible bathrooms. Allowing lowans to stay in their homes allows them to maintain their independence and connections to their communities. Making small investments in home modifications could yield significant savings to the state in long-term care costs.

Representatives from the ADRCs and the Commission held two meetings with representatives from IDA, DHS, IDR, and the Iowa Finance Authority (IFA), as well as Leonard Sandler from The University of Iowa to discuss a framework for this program. The membership is found in Attachment 1. The first meeting on October 23 allowed for early impressions of the legislation and feedback on an early draft of the program plan. The second meeting on November 17 allowed for further discussion on the particular challenges posed by this program.

## Discussion

The following was generally agreed upon by the group, the departments, and the stakeholders:

- This program is, by nature, administratively intensive
  - There are local laws on home construction (building codes) that will need to be followed
  - Home ownership and household income will need to be verified
  - The program will require administrative funds
  - The program would be most successful with local partners that could assist with the administrative burden
- Tax credits should be on a sliding scale to avoid a cliff effect
  - At 250% FPL, individuals will be eligible for a 90% individual income tax credit
  - At 450% FPL, individuals will be eligible for a 50% individual income tax credit
- Tax Credits should be refundable so individuals can receive assistance within a year of paying for the modification.
- There will need to be a process of verifying that an individual has a disability
  - If Medicaid or Social Security considers an individual to have a disability, that will be sufficient for this program
  - A short and simple form should be developed for health care providers to verify an individual's disability
  - Providers can be a physician, a nurse practitioner, a physician's assistant, a physical therapist, or an occupational therapist
- Forgivable liens should be placed on the property modified to incent individuals to stay in the home after modification
- The group discussed what kinds of local partners would do this work
  - Some Local Housing Trust Funds do similar work currently, but do not cover the entire state.
  - Community Action Agencies administer a weatherization program, and cover the entire state.
  - There was consideration of having a competitive bidding process for local partners

The group agreed that information on the program should be available locally; grant applications should be approved by IFA, but much of the administration (verification of

ownership and household income, adherence to local building codes, and inspection of finished modifications) would need to be done by local partners. Licensed contractors would be required, and the grant will be payable to contractors after work is finished and inspected.

Local partners will facilitate one application that will be used to determine if the individual would be eligible for a grant or a tax credit. If the individual is eligible for a grant, the State will reimburse the contractor as noted above. If the individual is eligible for a tax credit, they would need to receive a tax credit certificate from IDR after submitting receipts and costs of the work. The administration of the tax credit will occur in the statewide Tax Credit Award, Claim, and Transfer Administration System (CACTAS). The amount of the tax credit will be awarded based on a sliding scale such as the one found in Attachment 3 to avoid a cliff effect as income rises. If the credit is greater than an individual/household's tax liability, the balance will be refunded to them. There was discussion on what types of modifications would be eligible for a grant or tax credit award under the program. There were no objections to a list of home modifications included in a Minnesota Program that is included in Attachment 2.

## Recommendations

Based on the above discussion, the group recommends the following:

- Criteria and procedures for establishing eligibility for individuals with a disability using the definition of a disability in 42 U.S.C. 12102
  - Social Security or Medicaid considering an individual to have a disability is sufficient for eligibility in this program
  - Certification from a health care provider such as a physician, nurse practitioner, physician's assistant, physical therapist, or occupational therapist
- Criteria to determine what types of modification expenses that will be eligible
  - The group recommends that all costs directly associated with the installation of home modifications covered by the Iowa Home and Community-Based Services Waiver Home and Vehicle Modification program, as well as those listed in Attachment 2 should be considered eligible for this program
  - This list should not be seen as exhaustive, and home modifications, and their associated costs, should be considered for eligibility on a case-by-case basis to meet the needs of the individual
  - Individuals installing chair or stair lifts may do so once per residence
    - Individuals may not apply for a grant or tax credit to install multiple lifts within the same home
    - Individuals may apply for a grant or tax credit to install a lift in a new home if they had already installed a lift in a previous home under this program
  - Costs associated with the maintenance of qualifying modifications will not be considered eligible

- Criteria and procedures for receiving grants and tax credits under the program, and determine the maximum amount of grants and tax credits that may be provided to an individual under the program
  - Individuals with incomes that do not exceed 250% FPL may apply for grants of up to \$10,000
    - An individual will submit a grant through a local administrative partner approved by IFA and IDR
    - IFA will work with a local partner to ensure all requirements to begin the home modification are met including verification of home ownership and adherence to local laws regarding home construction
    - A licensed contractor will perform the home modification
    - A local partner will inspect work for completeness and quality
    - IFA will release funds to the local administrative partner who will in turn pay the grant directly to the contractor after receiving final costs
    - The group recommends an appropriation of \$500,000 for grant awards
  - Individuals with incomes that exceed 250% FPL but do not exceed 450% FPL may claim an individual income tax credit of up to \$10,000
    - The group recommends a cap of \$500,000 per year for individual income tax credits
    - An individual will submit an application through a local partner
      - If the annual cap has not been met, the individual will receive a tax credit certificate
      - If the annual cap has been met, the applicant will be put on a wait list. Credits will be awarded to individuals in the order that their application has been received.
    - IDR will track the tax credit in CACTAS
    - The tax credit will be awarded according to a sliding scale shown in Attachment 3
    - The individual must be prepared to show proof of costs incurred and work done
  - The group recommends \$100,000 be appropriated for the first year's administrative costs
- A provision stating that individuals are to utilize any funding for home modification under the Medicaid program to the fullest extent possible before becoming eligible to participate in this program to ensure that grants and tax credits do not supplant Medicaid program resources
  - Individuals who have not utilized funding for home modifications under the Medicaid program to the fullest extent will not be considered eligible for this program
  - Individuals who have not utilized funding for home modifications under the Medicaid program to the fullest extent should be given information on Medicaid home modification support

- Avoid placing unrealistic expectations and overly burdensome requirements on individuals with a disability and their families, particularly those living in rural areas
  - The group recommends to allow for a wide variety of health care providers be allowed to certify that an individual has a disability so individuals would not need to travel in order to find the right provider
  - The group recommends utilizing local partners around the state to allow for timely and efficient approval of applications and completion of work

## **Additional Recommendations**

The hybrid nature of this program requires two separate administrative agencies, which is likely to create confusion for applicants. The tax credit portion will have to be administered through the IDR CACTAS system, which is not equipped to administer a grant program. The grant program could be run through IFA at some level, but they are similarly unable to administer the tax credit portion. This program is administratively intensive and would require significant administrative funding to operate effectively. The hybrid nature would require individuals to be aware of the income limits that separate their eligibility between the grant and tax credit. Unlike how the grant is envisioned, the tax credit would require individuals to maintain all required records in order to be reimbursed for a portion of the costs incurred making modifications to their homes. The capped tax credit reduces the uncertainty of the fiscal impact of the tax credit, but does require additional administrative efforts from IDR to issue tax credit certificates, and many applicants may be placed on a wait list to receive awards if the cap is insufficient to meet demand.

Due to these factors, the group recommends this program function solely as a grant program rather than containing a grant and tax credit portion. This would allow individuals to have a single point of entry, receive approval for applications, and have modifications to their homes completed in a timely manner without having to wait months or years to receive a tax refund to reimburse thousands of dollars spent out of pocket.

## **Attachment 1: Members of the Group**

Mental Health and Disability Services Commission:  
Geoffrey Lauer

Aging and Disability Resource Center:  
Michael Isaacson

Iowa Department of Aging:  
Ruth Thompson

Iowa Department of Human Services:  
Theresa Armstrong

Iowa Department of Revenue:  
Amy Harris

Other Stakeholders:

Iowa Finance Authority:  
Terri Rosonke

The University of Iowa:  
Leonard Sandler

## Attachment 2: List of Eligible Home Modifications

- no-step exterior entrances;
- exterior or interior ramps;
- stairway lifts;
- elevators;
- lifts;
- handrails;
- grab bars or reinforcement of grab bars;
- door hardware;
- widening exterior doors to more than 36 inches;
- widening interior doors to more than 32 inches;
- widening hallways to more than 36 inches;
- fire or smoke alarms;
- alerting devices;
- moving electrical service including, but not limited to, outlets and switches;
- environmental controls including, but not limited to, heating and cooling equipment;
- bathroom modifications including, but not limited to, accessible toilets, bathtubs, showers, plumbing, and fixtures;
- kitchen modifications including, but not limited to, accessible countertops, cabinets, appliances, plumbing, and fixtures;
- bedroom modifications including, but not limited to, relocation to an accessible space in the home.

### Attachment 3: Sliding Scale for Individual Income Tax Credits

| Percent of FPL | Percent of Tax Credit |
|----------------|-----------------------|
| 250            | 90                    |
| 260            | 88                    |
| 270            | 86                    |
| 280            | 84                    |
| 290            | 82                    |
| 300            | 80                    |
| 310            | 78                    |
| 320            | 76                    |
| 330            | 74                    |
| 340            | 72                    |
| 350            | 70                    |
| 360            | 68                    |
| 370            | 66                    |
| 380            | 64                    |
| 390            | 62                    |
| 400            | 60                    |
| 410            | 58                    |
| 420            | 56                    |
| 430            | 54                    |
| 440            | 52                    |
| 450            | 50                    |