

## Vetoes by the Governor – FY15 State Legislation

### HF 666

Vetoes Section 3 – which cancels an appropriation for \$2.3 million for grants to substance abuse providers for the implementation of electronic health records.

Vetoes Section 12 – cancels an appropriation of \$1.81 million for Clarinda State Mental Health Institute and a six month extension. The Clarinda Mental Health Institute closes in December 2015.

Approved - \$1.04 million for Mental Health and Disability Services Regional Funding – this will help Polk County

### HF 505

Vetoes Section 12, subsection 17, lettered paragraph c. Would have required DHS from implementing certain cost containment strategies for Medicaid transportation costs and later implementation of consumer directed attendant care option to be provided by an agency or consumer choices option.

Vetoes Section 12, subsection 17, lettered paragraph d. which would have required the Department of Human Services to report on cost containment strategies. *DHS, Dept of Management and the Legislative Services Agency meet on a monthly basis to determine projections for the Medical Assistance appropriation. Information relating to cost containment strategies is shared during these meetings. This information is already available within the State's accounting and budgeting systems.*

Vetoes Section 12, subsection 20. Would have required the DHS to execute the State Innovation Model grant and submit a report on the progress of the grant by 9-1-15. *The State is already implementing the State Innovation Model grant. The information requested is available upon request by the General Assembly.*

Vetoes Section 12, subsection 25. Would have restricted the number of HCBS waivers slots available during FY beginning 7-1-15 to not be reduced below the number of such slots available on 1-1-15. The Governor felt it restricted Medicaid waiver management flexibility for DHS. *"The Department must have the tools and flexibility to effectively manage a program so critically important to so many vulnerable lowans. Such a restriction on the management and oversight authority of the Department of Human Services while facing a potentially underfunded Medicaid budget is inappropriate."*

Vetoes Section 23, subsection 3 which would have required DHS to adopt rules to provide for coverage of telehealth under the Medicaid program. The rules shall provide that in person contact between a health professional and patient is not required as a prerequisite for payment for services appropriately provided through telehealth in accordance with generally accepted health care practices and standards in the applicable professional community at the time the services are provided. Health Care services provided through in person consultations or through telehealth shall be treated as equivalent services for the purpose of reimbursement.

Today, more lowans than ever before have access to mental health treatment. Through the bipartisan Mental Health Redesign signed into law in 2012, lowans are accessing care locally through mental health regions. The mental health regions are investing substantial resources into increased access to home and community based substance abuse and mental health services. This is new favorable talk about the regions and their financial resources. They were criticized early in the FY 16 legislative process for not spending their money and had too much cash on hand. Therefore, the Governor did not see it necessary

## Vetoed by the Governor – FY15 State Legislation

to live up to his end of the bargain in the long term funding formula and did not provide \$30 million in equalization dollars to the regions.

In the 1800s, Iowa opened four mental health institutions. At their peak, they served more than 6,600 people on any given day combined. However, modern mental health care has come a long way and best practices rightfully no longer include the warehousing of mental health patients. In fact, the average daily bed census at the Mount Pleasant Mental Health Institute over the past four years is only 61 patients. The reason the MHI's are down to 61 beds is because the governor and DHS has steadily cut their funding and forced a reduction of beds over the last 5 years in order to make their case now.

In fiscal year 2014, this came at the high cost to state taxpayers of \$126,791 per patient. These resources can best be used to provide better, more modern mental health services to more Iowans. Other states have already gone down this path by closing their outdated institutions and offering innovative mental healthcare options. Minnesota once operated eleven mental health institutes. They now have an array of 16 bed care units through the state. Today they operate one. Wisconsin operates two. Over the past 18 years, states adjacent to Iowa have closed 13 institutes like Mount Pleasant and Clarinda (Illinois closed four state psychiatric hospitals, Minnesota closed four, Missouri closed three, and Nebraska closed two). Like Iowa, these neighboring states have modernized their mental health systems and reduced their use of institutionalization. In 2009, a Department of Human Services report and Governor Culver recommended closure of the Mount Pleasant Mental Health Institute. The Legislature has taken the first steps and closed the Clarinda Mental Health Institute. We can keep moving forward and serve Iowans with two mental health institutions rather than four. Therefore, in keeping with modern best practices and the utilization of our system, it is not in the best interests of our patients, the taxpayers or the mental health system to continue operating an aging, antiquated mental health institution lacking key clinical staff, particularly a psychiatrist. There are psychiatrists in the corrections system on both campuses at Mt. Pleasant and Clarinda. Since the Dept. of Corrections and the MHI institutes are both state agencies – why couldn't they share psychiatric resources?

Vetoed Section 29, subsection 1, lettered paragraph s. For the FY beginning 7-1-15, Medicaid reimbursement rates for substance-related disorder treatment programs licensed under section 125.13 would have been increased by 3 percent over the rates in effect on 6-30-15.

Vetoed Section 29, subsection 12. Methodology for fee for service for providers and reimbursement under a managed care contract.

Vetoed Section 67 in its entirety. DHS shall contract with a conflict free third party to conduct initial level of care assessments and reassessments for Medicaid program members not enrolled in a Medicaid Managed Care plan. "conflict free" means in accordance with the Balancing Incentives Payment Program.

### The Governor's comments:

This item creates a process for assessing the level of care needed for Medicaid patients. Iowa is embarking on an initiative to modernize our administration of Medicaid by partnering with high quality, patient centered health plans. As part of that initiative, these plans will oversee level of care assessments. Therefore, this item would create a redundant assessment system that is best left to our health plan partners.

## Vetoes by the Governor – FY15 State Legislation

Vetoed Division XVI in its entirety. This would have increased the eligibility for the child care assistance program from 145% to 150% of the federal poverty level.

Vetoed Division XXX in its entirety. This item would have created a Polk County-centered pilot project for refugee services.

*More time is needed to study a state-wide solution for refugees and immigrants who originally went to other states and how Iowa, both publicly and privately, can best meet the needs of modern refugees*

Vetoed Division XXXII in its entirety. This item amends the Quality Assurance Assessment already found in Iowa Code by establishing a set three percent assessment on nursing facilities in Iowa. The assessment currently in Iowa Code is meeting the needs of our patients, nursing facility providers and the Medicaid program and a change is inappropriate at this time.

Vetoed Section 132, subsection 17, lettered paragraph c. which would have restricted DHS from implementing certain cost containment strategies. The veto allows DHS to use uniform rates of \$.575 per mile based on the 2015 Internal Revenue Service mileage rate and of \$9.29, the current statewide average, per one-way trip for Medicaid program HCBS waivers recommended by the Governor beginning 7-1-16.

Vetoed Section 132, subsection 17, lettered paragraph d. This item would have require the Department of Human Services to report quarterly on cost containment strategies.

Vetoed Section 132, subsection 22. This would have required that the number of HCBS waiver slots available during the fiscal year beginning July 1, 2016, would not be reduced below the number of such slots available on January 1, 2015.

Vetoed Section 143, subsection 3. Deletes the appropriation for the Mt. Pleasant and Clarinda MHI's.

Vetoed Section 146, subsection 1. This item would have required DHS to fill all the positios authorized in the legislation.

Vetoed Section 147, subsection 1. This item would have required the Department of Human Services to report operational and program expenditures at least monthly to the Legislative Services Agency.

Vetoed Section 149, subsection 1, lettered paragraph s. This item would have required the substance abuse managed care plan to increase reimbursement for licensed substance-related disorder treatment programs serving Medicaid patients.

*Why? Because they received a reimbursement increase two years ago and are benefitting from the Iowa Health and Wellness Plan substance abuse coverage.*

Vetoed Section 149, subsection 12. This would have created restrictions on the reimbursement methods of the health care plans partnering with the state.

Vetoed Section 156 in its entirety. This item would have created a Polk County-centered pilot project for refugee services.

## Vetoes by the Governor – FY15 State Legislation

Vetoed Section 159 in its entirety. This item called for Iowa, after closure of the Clarinda Mental Health Institute by the Iowa Legislature, to request proposals to operate a private, specialized nursing facility on the grounds at Clarinda.

It is important to note that the prisons located at Mount Pleasant and Clarinda will continue in full operation. Additionally, Clarinda will continue hosting the Clarinda Youth Academy and private substance abuse services on the campus without interruption. I am committed to working with these communities to repurpose and redevelop the campuses formerly occupied by the mental health institutes.

To that end, I am convening a workgroup consisting of members from the Iowa Economic Development Authority, the Department of Corrections (who control the campuses), and the Department of Human Services to work with communities and allow for the easiest most efficient transition of the campuses into new development and jobs.

### **SF 510**

Vetoed Division XVIII, in its entirety. Increased transparency, reporting and information requirements of health insurance carriers on internet sites, their internal appeals process and disclosure requirements.

*The Governor said:*

*This item requires health insurance carriers to provide certain disclosures regarding internal appeals processes and prescription drug coverage. These overly burdensome regulations are duplicative and unnecessary because federal law and state law require health insurance carriers to extensively disclose details about their health plans. Additionally, current law already grants the Iowa Insurance Division authority in promulgating administrative rules in order to ensure health insurance carriers provide adequate and proper disclosures regarding their plans.*