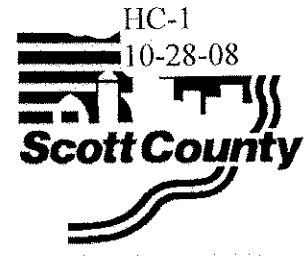


Community Services Department

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October 20, 2008

TO: Risk Pool Board

FROM: Lori A. Elam, Scott County CPC

RE: Risk Pool Application- Written Justification

Scott County is requesting \$400,000 in risk pool funds for the following reasons:

1. To avoid the need for reduction or elimination of critical services when the reduction or elimination places consumers' health or safety at risk.
2. To avoid the need for reduction or elimination of services or other support provided to entire disability populations.
3. To avoid the need for reduction or elimination of services or other support that maintain consumers in a community setting, creating a risk that the consumers would be placed in more restrictive, higher cost settings.

Scott County's projected expenditures for FY09 are \$16,184,078. The projected revenue is \$15,200,908. This results in a shortfall of \$983,170. Scott County will use the remaining amount of fund balance (\$570,367) to cover a portion of the shortfall, but a deficit of \$412,533 still remains. The county will use all of its remaining fund balance and Risk Pool funds (if approved) with the hopes of having a balanced MH/DD budget at the end of FY09.

The Scott County MH/DD Advisory Committee developed a Plan of Reductions for FY08 and for FY09. Copies of both are included for review. In FY08, the first area was implemented. Two Authorized Agencies (the Handicapped Development Center and Vera French Community Mental Health Center) did not receive inflationary increases on July 1, 2007. The FY09 Plan of Reductions was not implemented.

The county's Plan of Reductions lists the service areas to be reduced or eliminated, the number of consumers affected by such cuts, the impacts on consumers/community and the dollar savings to the county. In reality, reducing or eliminating services will not save money. The services in jeopardy of being reduced or eliminated are essential to keeping people stable and safe in the community. When basic services are eliminated, people may go without help/support for a period of time and then become very ill, resulting in a much higher level of care and ultimately a much higher cost of service. When individuals go without services, they lose the support that assists them in becoming productive members of the community. These individuals may lose their jobs and paychecks. When services are eliminated, providers may lose business, such as sub-contract work, or may go out of business altogether. Staff may be laid off from their jobs

and may leave our community searching for another job. The incidents of violence and homelessness may increase as people can not get the help and treatment they need. The hospitals and jail become the treatment center for many individuals.

Why are so many county MH/DD budgets facing financial crisis ? What has Scott County done to address the problem ?

In 1996 the Legislature froze property tax for MH/DD services and promised that the state would cover the increase in costs of services due to inflation, new consumers and other costs. In 2002 money (\$18 Million) was taken from the MH/DD fund during the state budget crisis. Counties were told to spend their fund balances. Many counties levied at the maximum. The counties were told the money would be replaced in one year.

In 2003 and 2004 the counties were strongly encouraged to utilize the new Medicaid services (HCBS MR Waiver- Adult Day Care, PreVoc and Day Habilitation). The Medicaid services helped to create a cushion of additional money as the costs decreased from 100% county dollars to 35% (non-federal share required of the counties). The local providers in Scott County did an excellent job converting consumers to the Medicaid services in order to help the county save money and stretch the dollars further.

A waiting list was started in March 2006 for HCBS MR Waiver slots and for sheltered workshop services. Although Scott County has attempted to control the HCBS MR Waiver budget by freezing the number of available slots, the waiver budget continues to grow as children with a waiver slot turn 18 years old become the county's financial responsibility. The service rates and number of consumers continue to grow despite the county's attempt to manage the budget. Projecting revenues and expenditures is very difficult at best. We are dealing with people with varied needs and disabilities. It is extremely difficult to predict the needs of these individuals from year to year.

Scott County has a written policy in the county management plan- "Principles of Service Reduction" indicating how and when service would be reduced in the event that the projected costs exceed the budgeted levels. The "Principles of Service Reduction" are listed below:

1. Mandated services (Resource Centers- GRC and WRC, MHI's, Mental Health Advocate, specific 229 costs, Iowa Medical and Classification Center, HCBS MR Waiver, ICF/MR) will not be decreased.
2. Emergency service interventions (48 hour holds and 229 commitment orders along with related costs) will not be decreased.
3. Core services (residential and residential support) will not be decreased.
4. Consumers willing to reduce services voluntarily will be utilized in a first reduction providing safety issues do not develop.
5. Consumers receiving out of county services will be returned to Scott County to receive services under contract if possible.
6. All other services may be considered in the development of a plan for reduction.

Scott County continues to advocate for local control regarding the levy. The county continues to advocate for using the levy rate as the cap instead of the frozen levy dollar amount. This would allow counties to generate additional revenue to help address the rising costs of services and meet the needs of consumers in our own community.

The Scott County Board of Supervisors, local providers and consumers were very appreciative of the Legislators' attempt to ease the financial crisis by allocating an additional \$12 million (new money) during the 2007 Session for FY08. Unfortunately, it was not enough. In FY08, DHS ran short on funds as 18 counties did not receive their full allocation and 13 counties did not receive any funds at all. In FY07, 47 counties had a fund balance below 10%, 19 of those counties had a negative balance. The money in the system continues to get spread thinner as each year more and more counties fall below 10% fund balance. The funding formula is complicated but not broken. There is simply not enough money in the system now for all the counties who qualify for it. Counties have spent their fund balances as directed by the State in 2002.

Scott County's fund balance history:

FY04- \$1,000,512 or 9.9%
FY05- \$1,251,251 or 9.87%
FY06- \$855,147 or 6.37%
FY07- \$396,372 or 2.7%
FY08- \$570,637 or 3.7% **

** Scott County's fund balance increased slightly as we did not give inflationary increases to two local agencies per the FY08 Plan of Reductions.

Scott County and the local providers have always been fiscally responsible. High quality services for people with disabilities have always been a priority in our community. The Scott County Board of Supervisors have advocated for the appropriate level of funding repeatedly. They understand how critical the services are in the community and understand the bigger impacts to the community as a whole if services are reduced or eliminated.

Thank you for your consideration of this application.

Lori A. Elam
Scott County CPC

Summary of FY08 and FY09 Plan of Reductions

FY08 Plan of Reductions-

- #1- Annual Inflationary Increases to Authorized Agencies (HDC and VF)- \$244,140
- #2- Jail Diversion (VF)- \$125,932
- #3- VHCMHC Housing Corporation- \$54,781
- #4- Crisis Services (Genesis)- \$10,000
- #5- Vocational Services (HDC and PK/VF)- \$81,300
- #6- Vocational Services (HDC)- \$130,000
- #7- Employment Services (VF)- \$81,493
- #8- Case Monitoring (VF)- \$158,937
- #9- Day Treatment (VF)- \$162,998
- #10- Community Support Services (Frontier) (VF)- \$459,079
- #11- Outpatient Services (VF)- \$200,000

Total program/service cuts equal \$1,708,660

Estimated deficit was \$1,632,289

Cut #1 was implemented- inflationary increases were not given to agencies.

FY09 Plan of Reductions-

- #1- Annual Inflationary Increases to Authorized Agencies (HDC and VF)- \$121,693
- #2- Crisis Services (Genesis)- \$10,000
- #3- Jail Diversion (VF)- \$124,722
- #4- Community Support Services (Frontier)- \$125,000
- #5- VHCMHC Housing Corporation- \$54,254
- #6- Case Monitoring (VF)- \$157,409
- #7- Employment Services (VF)- \$80,709
- #8- Outpatient Services (VF)- \$160,000
- #9- Vocational Services (HDC)- \$100,000
- #10- Day Treatment (VF)- \$50,000

Total program/service cuts equal \$983,787

Estimated deficit is \$983,170

No cuts were implemented.