TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

July 26, 2011

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol Building
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit House File 649, an Act relating to and making appropriations for health and human services and including other related provisions and appropriations, and including effective, retroactive, and applicability date provisions.

House File 649 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 2, subsection 4, lettered paragraph h, numbered paragraph 2 in its entirety. This item requires that the Department of Public Health establish a board of direct care workers contingent upon availability of funds. Funding for such a board would come from license fees and requiring direct care workers to pay such fees would be unduly burdensome and costly for both the State of Iowa and the workers.

I am unable to approve the item designated as Section 3, subsection 2, lettered paragraph d in its entirety. This item creates a redundant, overly burdensome mandate requiring the Iowa Veterans' Home to report expenditure reports monthly to the Legislative Services Agency for fiscal year 2012. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of Section 25. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2012 to

fiscal year 2013 for field operations. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting.

I am unable to approve the item designated as Section 26, paragraph 6 in its entirety. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2012 to fiscal year 2013 for general administration. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting.

I am unable to approve the item designated as Section 31 in its entirety. This item creates a redundant mandate requiring the Iowa Department on Aging, Department of Human Services, Department of Public Health, and Department of Veterans' Affairs to report to the Legislature, Legislative Services Agency, the Department of Management, and the legislative caucus staff when a department is applying for or renewing a federal grant with a value of over $1,000. While I strongly support communication and collaboration among state agencies and branches of government, this item is unnecessary because Iowa Code section 8.9, paragraph 2(a) requires that all grant applications submitted and grant moneys received shall be reported to the Office of Grant Enterprise Management. Iowa Code section 8.9, paragraph 2(b) provides that a report shall be submitted to the legislature on July 1st and January 1st of each year.

I am unable to approve the item designated as Section 37, paragraph 14 in its entirety. This item directs the Department of Human Services and the Iowa Medicaid Enterprise to study new provider payment methodologies. I support innovation in Medicaid to allow sustainability and greater quality of care. However, due to the austere nature of this budget and our need to focus on current cost containment strategies proposed by the Iowa Medicaid Enterprise, I cannot approve of a new study further stretching department resources.

I am unable to approve the designated portion of Section 45, paragraph 7, lettered paragraph c. Spending for the county rebates was inadvertently located in two locations with two different directives to the department. The first location, Section 43, subsection 5, lettered paragraph c, allows the Department of Human Services to target funding that decreases county mental health waiting lists which I approve. The language I disapprove here distributes funding that does not necessarily provide additional funding to counties with a waiting list as the requirements for distribution of targeted growth are not dependent on a county having a waiting list.

I am unable to approve the items designated as Sections 95, 96, 97, 98, and 99 in their entirety. These items reinstate the mental health drug exemption from the Medicaid preferred drug list retroactive to January 1, 2011. These items unduly harm a sound, clinically appropriate approach that has resulted in minimal impacts to Iowa Medicaid patients and providers, but that has provided valuable cost savings to a vital entitlement program.

I am unable to approve the items designated as Sections 105, 106, and 107 in their entirety. These items extend the State's indemnification to hospitals that already have their own liability insurance and who are already required to provide volunteer services. The State currently provides specialty healthcare providers that have limited resources with indemnification when they provide volunteer services to the most vulnerable citizens of Iowa. Because hospitals with their own liability insurance already provide volunteer services, members of the public would receive no benefit while the State would experience unnecessary costs.

I am unable to approve the item designated as Section 109 in its entirety. This item directs the Department of Human Services and the Iowa Medicaid Enterprise to study new payment methodologies. I support innovation in Medicaid to allow sustainability and greater quality of care. However, due to the austere nature of this budget and our need to focus on current cost containment strategies proposed by the Iowa Medicaid Enterprise, I cannot approve of a new study further stretching department resources.

I am unable to approve the item designated as Section 114, subsection 4, lettered paragraph h, numbered paragraph 2 in its entirety. This item requires that the Department of Public Health establish a board of direct care workers contingent upon availability of funds. Funding for such a board would come from license fees and requiring direct care workers to pay such fees would be unduly burdensome and costly for both the State of Iowa and the workers.

I am unable to approve the item designated as Section 115, subsection 2, lettered paragraph d in its entirety. This item creates a redundant, overly burdensome mandate requiring the Iowa Veterans' Home shall report expenditure reports monthly to the Legislative Services Agency for fiscal year 2013. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of Section 138. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2013 to 2014 for field operations. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting.

I am unable to approve the item designated as Section 139, paragraph 6 in its entirety. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2013 to 2014 for general administration. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting.

I am unable to approve the item designated as Section 148, paragraph 14 in its entirety. This item directs the Department of Human Services and the Iowa Medicaid Enterprise to study new provider payment methodologies. I support innovation in Medicaid to allow sustainability and greater quality of care. However, due to the austere nature of this budget and our need to focus on current cost containment strategies proposed by the Iowa Medicaid Enterprise, I cannot approve of a new study further stretching department resources.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 649 are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD
Governor