For the past two years, Scott County's mental-health and developmental-disability advisory committee has outlined proposed cuts to services. For Fiscal Year 2008 (which ends June 30), the budget reductions totaled $1.7 million. For Fiscal Year 2009, the proposal is just under $1 million.

Only $120,000 of those cuts were implemented in the current fiscal year because of additional appropriations from the Iowa General Assembly. Those funds are also expected to prevent cuts in the next fiscal year, which begins July 1.

To be fair, Scott County officials were engaging in a bit of fear-mongering, conjuring images of hundreds or thousands of people with mental illness or mental retardation unable to receive

treatment or services - putting additional stress on jails, emergency rooms, and family members.

But those scenarios could easily be real.

"We won't have any cushion" after Fiscal Year 2009, said Lori A. Elam, Central Point of Coordination administrator/director for Scott County. "Cuts will have to be made if the state doesn't come through with either some different ways to generate money on a county level or come up with the revenue ... to make sure the counties are funded appropriately."

Past a certain point the county has no control over its funding for mental-health services. Scott County is at its statutory limit for mental-health property taxes, and if the state doesn't provide more money, it will need to make cuts. "Our hands are tied," Elam said.

The funding situation across Iowa is symptomatic of major problems within Iowa's mental-health system. In the National Alliance on Mental Illness' "Grading the States" report from 2006 (http://www.nami.org/grades/), Iowa and Illinois were two of eight states to receive a grade of "F." A 2008 evaluation is expected to be released in early 2009.

The report was harsh overall - no state received an "A," and only five received "B"s - but even in that context Iowa and Illinois performed poorly. Of Iowa, the National Alliance on Mental Illness (NAMI) stated: "It must be among the most convoluted mental-health systems in the country." (The *Reader* will discuss Illinois' system in an upcoming issue.)

Iowa's system is decentralized, and the state until recent years had not taken much of a leadership role. Yet by capping property taxes that could be used for mental-health services, the legislature put counties at the mercy of the appropriations process, and mental-health services are rarely a high-priority budget item.

According to a 2006 analysis by the Iowa Civic Analysis Network, "Iowa spends significantly less on mental health than other states. ... Iowa's total spending of $53 million in 2002 was the lowest of any Midwest state, and Iowa's allocation of 1.2 percent of its total state budget on mental-health expenditures was the fifth lowest in the nation." Iowa was among 12 states to spend $55 or less per capita on mental-health care.

Iowa's system, then, has a two-level problem. On the one hand, the existing system is reaching a financial crisis. And on the other hand, the fragmented nature of the system has led to a lack of standards and leadership.

That's changing to some degree. In 2006, Iowa created the Division of Mental Health & Disability Services within the Department of Human Services. It also convened Mental Health Systems Improvement work groups that for the most part finished their tasks late last year.

Actual progress has been significant but small. In 2005, a law went into effect in Iowa mandating that some employer-paid health-insurance plans cover some mental illnesses in the same way they cover physical illnesses. In the most recent legislative session, the General Assembly appropriated $2 million for a pair of new programs: $1.5 million for crisis-mental-health grants, and $500,000 for children's mental-health services. The Department of Human Services had asked for $3 million each.

"This is a beginning," said Dr. Michael Flaum, director of the Iowa Consortium for Mental Health.

The state has started, on a piecemeal basis, to address many of the criticisms in NAMI's report. What it hasn't done yet is deal with the glaring structural fault of the system, and the problems that it causes.

"No one wants to talk about the money needed in the whole system," Elam said. "It is very frustrating to spend money on new programs and services when current services across the state are at risk of being cut because there is not enough money."

A Long Way to Go

Ironically, NAMI's report on Iowa's system barely touches the issue of money.

Instead, it focuses on several key systemic deficiencies:

• "Although Iowa's counties are required to collect data, there is no statewide system through which this information can be shared. As a result, Iowa is among a minority of states that cannot provide an unduplicated count of whom they actually serve."

• The state's "legal settlement" rules "often lead to inordinate, potentially catastrophic delays in getting services when they are needed." This system basically determines which county is responsible for paying for care. As Ron Honberg, legal director for NAMI, said: "It's not a good idea to deny someone with schizophrenia services."

• "The state mental-health authority ... does not appear to be actively engaged in strategies to expand access to services for people with serious mental illnesses who live in rural areas of the state."

• "Iowa also appears to be lagging in its implementation of evidence-based practices." Those are techniques and treatments that have been proved effective.

• "Employment and housing, two critical components of recovery, do not appear to be prominent on ... [the state's] radar screen."

The report isn't meant to show that Iowa's mental-health *care* is poor, or that it is poor across the state. Rather, it shows that the *system* is poor, or at least was poor two years ago. The reality is that many communities, particularly populous ones such as Scott County, are rich with services for people with mental-health problems. But coordination is lacking, and there's little consistency and inadequate data.

"We're looking at the overall state mental-health system," Honberg said. "We're looking at the leadership the state mental-health authority is providing ... . We're looking at what kinds of information are available to consumers and family members and advocates ... ."

The state's decentralized system isn't by itself a bad thing, Honberg added: "In more and more states now, services are county-based. But the state still plays a critical role" in overseeing the system, licensing, developing standards, collecting outcomes data, and coordinating with other agencies. "We didn't see any evidence of any of that happening in Iowa at the time we did the last report."

The $1.5 million for emergency-mental-health care is expected to fund five regional pilot projects across the state. Flaum said this is the first step toward a safety net in Iowa for people with mental-health problems, and the $500,000 for children's mental health is an acknowledgment of a weakness in the state. The legislature is filling gaps, he said.

The state has also embraced evidence-based practices, and it is working to improve its data collection.

"It's a gradual process," Flaum said.

In an e-mail, Department of Human Services spokesperson Roger Munns wrote: "Everyone recognizes there is a long way to go to delivering consistent mental-health service in Iowa."

What hasn't changed, and seems unlikely to change, is the current funding system. Munns called the funding system "one of the most complicated, convoluted systems ... anywhere." He also said that the current "treatment based on geography" - in what county a person lives - must change: "We do believe there has to be a more commonsense way of funding."

"You Have to Get Their Attention Somehow"

The funding issue has become more serious over the past five years, said Linda Hinton, government-relations manager for the Iowa State Association of Counties.

In 1996, the General Assembly capped each county's tax-levy amount for mental-health services, with the goal that the state would absorb the cost of inflation.

But in 2001, the General Assembly took $18 million in county mental-health funding, according to Iowa Civic Analysis Network report. The General Assembly restored $12 million of that in the current fiscal year, $900,000 of which went to Scott County, Elam said. (The counties had asked for $23 million.)

That appropriation simply stalled a crisis.

"We're just struggling with funding issues on an annual basis," Hinton said. While the state increases payments to counties by 3 percent a year, that's not keeping up with inflation, she said. Medicaid costs are growing by 4 to 6 percent a year, she said, which is a

good comparison for mental-health-care cost inflation. In other words: Counties have been losing ground.

Hinton said that 82 of 99 counties are at 100 percent of their mental-health tax levies, and 91 of 99 counties are at 90 percent of their levies or more. In the current fiscal year, she estimated, counties' mental-health-funding reserves will be depleted by half.

Counties that have maxed out their levies and used their reserves have to make service cuts if there's no additional state money.

Scott County instituted a waiting list for two programs in 2006, and cuts would lead to more. Of its proposed Fiscal Year 2008 reductions, Vera French Community Mental Health Center would have been cut $1.4 million, and the Handicapped Development Center $303,000. Of its proposed 2009 reductions, Vera French would have been cut $877,000, and the Handicapped Development Center $107,000.

Among other programs, the proposed 2009 reductions include Vera French's jail-diversion program (a cut of $125,000 affecting 60 to 150 individuals), its housing corporation ($54,000, 113 people), and the Handicapped Devleopment Center's vocational program ($100,000, 30 to 50 people).

In Fiscal Year 2007, Scott County treated more than 7,000 people with mental illness and mental retardation with a budget of $14.3 million.

"The county system is in dire straits in many places," said Margaret Stout, executive director of NAMI Iowa. "I'm afraid ... that [attention from legislators] usually occurs with a crisis. I think we're getting into one now."

The funding problem, Scott County's Elam said, is a function of priorities. "Mental health has not been a high priority on their list," she said. "Three years ago it was at the bottom of their list. Now we're slowly creeping up there."

She added that the looming financial crisis might not be enough to elevate mental health in legislators' minds. But a tragic event certainly would be.

"Mental-health services are going to move up to the top very quickly when you point out examples of what happened at Virginia Tech, what's happened at NIU," said Elam, referring to campus shootings. "Those kinds of situations will move into our state if we don't fund things appropriately, and if people go without" treatment.

But advocates for mental illness are constantly fighting the stigma attached to mental illness, particularly that people with mental illness are more likely to be violent toward others.

Elam didn't dispute that her scenario plays into that incorrect assumption. "It does, unfortunately," she said. "Sometimes, with legislators, you have to get their attention somehow."

Barriers to Systemic Change

One problem the counties have in begging for cash is that they're resistant to a more coordinated or regional approach to mental-health care. They want more money, but they're leery of increased state control, or forced regional partnerships.

"Different communities are ... unique," said John Rushton, mental-health coordinator for Scott County. "If you homogenize across a very diverse state with diverse populations, you'll lose some of the things that communities need. Plus we have the ability to react quickly to a situation when we need to."

Elam seemed hesitant to even consider a partnership with Muscatine and Clinton counties. "I wouldn't be opposed to coming to the table and talking," she said. "But it's going to cost money. ... We can't expand when we can't pay for what we have."

Hinton, of the Iowa State Association of Counties, said that a state-led system could stifle local innovation. "Make sure you don't go to the lowest common denominator," she said.

NAMI Iowa's Stout said it only makes sense for the state to take a larger role, but she thinks there's distrust on all sides. "There has to be cooperation and coordination ... to serve more than one county and to have adequate planning and resources available," she said. "There's quite a bit of turf there that is protected by both sides. And I think that hurts us in the long run for services."

Put another way, the problem with reforming Iowa's system is that if it's funded at the same level, communities will be pitted against each other for the money. The final draft report of the Mental Health Systems Improvement work groups makes this abundantly clear: "There must be winners and losers if the total dollars remains the same."

That reality makes many people skeptical that significant reform can happen. The legislature has been stingy with mental-health funding, and that has blocked progress.

"We have report after report ... ," Stout said. "A lot of dust collected, because no one wanted to really move forward."