

2026 Legislative Priority – Modernize Funding for Child Welfare Emergency Shelters

Eliminate County Billing and Make the State the Single Payer

Overview

Iowa's child welfare emergency shelters provide short-term, community-based care for children who need immediate safety and stability.

Iowa's current payment structure requires shelters to navigate an outdated, split-billing system involving both the state and counties. This creates unnecessary administrative burden without improving services or reducing costs.

The Coalition, in partnership with HHS, is asking the Legislature to **modernize shelter funding** by making the state the single payer to providers and removing the county billing requirement.

This change **does not increase shelter rates** and **does not expand services**. It simply streamlines how payments are made.

How Shelter Funding Works Today

Iowa uses a split-payment model for state-contracted shelter beds:

- When a contracted shelter bed does not have a youth in the bed, the state pays the full daily rate.
- When a **youth is placed** in that bed, payment for the same daily rate is split:
 - The state pays a portion of the rate.
 - The child's home county pays the remaining portion.

To receive the full daily rate, shelters must issue **two separate bills**:

- One to the state
- One to the child's home county

Because Iowa has 99 counties, shelters must manage up to 99 different county billing processes, timelines, and requirements.

Why the Current System Is a Problem

The county billing step creates significant administrative burden that is disproportionate to the dollars involved.

Administrative Impact

- Shelters must track and bill multiple counties, each with different rules and timelines.
- Some counties require mailed forms or original signatures, delaying payment.
- Shelter staff spend time on billing and follow-up instead of serving children and families.
- County staff also spend time processing small reimbursement claims.

Fiscal Reality

- County payments account for only *0.5-1% of total shelter revenue statewide*.
- The administrative cost of collecting these dollars far exceeds the benefit.
- The split-billing structure makes it harder for legislators and HHS to see a clear, statewide picture of shelter costs.

This approach is a legacy of how shelter funding worked decades ago and no longer reflects how services are delivered or managed today.

What the Coalition and HHS Are Asking For

We are *not asking for a rate increase*.

We are asking the Legislature to eliminate the outdated county billing requirement by striking old statutory and administrative language.

Under the Proposed Change:

- The *state would pay the full daily shelter rate directly* to providers.
- Shelters would *no longer bill counties*.
- The state would be the *single payer* to shelters.

This preserves the existing funding structure while removing unnecessary administrative steps.

Why This Makes Sense

This Change Is:

- *Simpler* – one payer instead of two
- *Faster* – fewer billing delays and disputes
- *More transparent* – a clear, statewide view of shelter spending
- *More consistent* – the same process regardless of where a child lives

Most importantly, it allows shelter staff and county staff to focus on *children and families*, not paperwork.

Addressing a Common Question

“If counties already pay part of this today, why should the state take it on?”

Because:

- County processes are highly inconsistent across the state.
- The county portion is capped, minimal, and tied to statewide averages.
- The administrative burden is far greater than the dollars recovered.
- Eliminating county billing does *not* increase the shelter rate or overall spending.

This proposal modernizes payment mechanics without changing the underlying cost structure.

Requested Statutory and Rule Changes

Remove from Iowa Code: Section 232.141(8) County reimbursement for shelter care costs (full statutory language removed for clarity and modernization)

232.141 Expenses

~~8. This subsection applies only to placements in a juvenile shelter care home which is publicly owned, operated as a county or multicounty shelter care home, organized under a chapter 28E agreement, or operated by a private juvenile shelter care home. If the actual and allowable costs of a child's shelter care placement exceed the amount the department is authorized to pay, the unpaid costs may be recovered from the child's custodial parent's county of residence. However, the maximum amount of the unpaid costs which may be recovered under this subsection is limited to the difference between the amount the department is authorized to pay and the statewide average of the actual and allowable rates as reasonably determined by the department annually. A home may only be reimbursed for the lesser of the home's actual and allowable costs or the statewide average of the actual and allowable rates as determined by the department in effect on the date the costs were paid. The unpaid costs are payable pursuant to filing of verified claims against the child's custodial parent's county of residence. A detailed statement of the facts upon which a claim is based shall accompany the claim. Any dispute between counties arising from filings of claims pursuant to this subsection shall be settled in the manner provided to determine residency in section 225C.61.~~

Remove from Administrative Rules: 441.152(6)(c) County reimbursement for child welfare shelter costs (rule language tied to the outdated split-billing structure)

~~c. County reimbursement for child welfare services shelter costs. If a shelter care provider's actual and allowable costs as set forth in [441=Chapter 156](#) for a child's shelter care placement exceed the amount the department is authorized to pay and the provider is reimbursed by the child's county of legal settlement for the difference between actual and allowable costs and the amount reimbursed by the department, the amount paid by the county shall not be included by the department in its reimbursement rate determination, as long as the amount paid is not greater than the provider's actual and allowable costs or the statewide average of actual and allowable costs as identified in annual appropriations, whichever is less.~~

Bottom Line

This legislative request is about *modernization, not expansion*.

By removing an outdated county billing requirement and making the state the single payer to shelters, Iowa can:

- Reduce administrative burden
- Speed up payments
- Improve transparency
- Maintain current funding levels

All without increasing shelter rates or shifting costs to families.

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