

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 2716	House Committee: PASSED 2/17/26 (13-8)
Committee:	Health and Human Services	House Floor:
Floor Manager:	Rep. Austin Harris	Senate Floor:
Date:	March 10, 2026	Governor:
Staff:	Natalie Ginty (281-7479)	

Welfare Reform

- This bill aims to focus Iowa's public assistance programs on caring for disabled Iowans and preparing able-bodied adults for life after welfare. This bill also implements requirements found in the federal One Big Beautiful Bill (OB BB).
 - **Helping the Disabled:**
 - Makes the following changes to the Medicaid for Employed People with Disabilities Program:
 - Expands eligibility from 250% FPL to 300% FPL. DHHS estimates this will cost \$3 million in FY27, \$5 million in FY28 and \$9.7 million in FY29.
 - Excludes pension accounts from income eligibility determinations. DHHS estimates this will cost \$1.275 million in FY27, \$1.945 million in FY28 and \$3.8 million in FY29.
 - Strikes limits on DHHS charging premiums
 - Requires DHHS to maintain a website for individuals to pay premiums electronically
 - Requires a study and annual reporting on Medicaid Exceptions to Policy
 - Requires an increased base reimbursement rate for HCBS providers in rural areas to cover the travel time and expenses incurred
 - Requires DHHS to provide adequate Medicaid reimbursement to allow for the transfer of high-needs individuals from ChildServe to On With Life.
 - Requires DHHS to convene a work group to examine the unique service needs of high-acuity pediatric recipients of Medicaid and hawk-I with a report due to the legislature.
 - **OB BB Implementation:**
 - OB BB requires states to cost share in SNAP costs if payment error rate exceeds 6% beginning in FFY2028 and removes the ability for a state to waive erroneous excessive payments under Medicaid if they exceed 3% error rate.
 - This bill requires DHHS to submit quarterly reports to the legislature detailing SNAP and Medicaid error rates.
 - This bill seeks multiple waiver requests regarding the SNAP error rate including excluding individuals under 22 years of age from income, allow for automated sources to determine eligibility/benefits, require benefits to be used within 3 months, and only attribute the errors of DHHS to the SNAP error rate
 - Requires full implementation of SF494 from 2023 by January 1, 2027.
 - OB BB require that beginning October 1, 2028, Medicaid expansion states must provide "for the imposition of such deductions, cost sharing, or similar charges determined

appropriate by the State” (in an amount greater than \$0 but below \$35) to individuals between 100%-138% FPL.

- This bill codifies the current practice of \$8 copay for nonemergent use of the ER and \$5 monthly contribution for not receiving a preventative health exam. Additionally, this bill prevents individuals from re-enrolling in IHWP after multiple failures to pay \$5 monthly contribution unless they pay back premiums.
 - This bill allows IHWP providers to impose a fee of \$5 or less on a member based on their failure to attend a scheduled appointment with the provider.
 - This bill also imposes a \$5 copay for diagnostic dental procedures and \$1 copay for a prescription drug when a suitable generic equivalent drug is available to the member.
- **Welfare Reform:**
 - Allows DHHS to require proof of at least 12 months of residency in Iowa on applications for public assistance. This section exempts individuals receiving Social Security.
 - Requires DHHS to restrict participating in WIC to citizens and qualified aliens and codifies use of the SAVE program for public assistance eligibility.
 - Codifies the DIAL annual public assistance fraud report and requires an annual WIC fraud report
 - **Ensuring Legislative Oversight:**
 - Requires DHHS to do a cost neutral analysis prior to submitting a waiver request for Medicaid to CMS. If the waiver is determined to be not cost neutral to the state, DHHS shall not submit the request unless approved by a majority vote of both chambers of the legislature.
- **Fiscal Note:** As of caucus, we do not have an official fiscal note for this bill. DHHS has indicated that it will be higher than the previous estimates they provided us with which are noted above. They also do not include the Harris amendment.

Section by Section Analysis

Division I – Supplemental Nutrition Assistance Program

Section 1 (Iowa Code 135.16E) – New Section

Requires DHHS to submit a quarterly report to the legislature detailing the SNAP payment error rate for that quarter beginning October 1, 2026.

Section 2 – Federal Supplemental Nutrition Assistance Program – Waiver of Earned Income Rules

Requires DHHS to request a waiver to exclude the income of individuals less than 22 years of age and enrolled in school from the income of the household for calculating SNAP benefits. Ohio applied for this waiver to promote employment and training among youth to break the cycle of poverty

Section 3 – Federal SNAP – Waiver of Eligibility Verification Rules

Requires DHHS to request a waiver to allow for the following automated sources to be used to determine SNAP eligibility/benefits:

- The national directory of new hires within US office for the administration of children and families
- IWD unemployment insurance data
- Social Security
- DOT residency and identity data

- DOC incarceration data
- Automated employment verification services known as work number

Ohio applied for this waiver as well to reduce redundant manual verification by the state.

Section 4 – Federal SNAP – Waiver of Expungement Rules

Requires DHHS to request a waiver to expunge SNAP benefits that have not been utilized within 3 months or 91 days of inactivity on the account. Ohio applied for this waiver to ensure budget predictability of the SNAP program, ensure that funds are used for the food insecure and to prevent large, accumulated balances from fraud.

Section 5 – Federal SNAP – Waiver of Payment Quality Control Sampling Procedures

Requires DHHS to request a waiver to allow errors calculated in the payment error rate to only be errors directly attributable to DHHS. Ohio applied for this waiver so that only state agency errors in calculating a benefit are used for determining the payment error rate that makes a state subject to paying a portion of SNAP.

Division II – Medical Assistance Program

Section 6 (Iowa Code 249A.3)

Makes the following changes to the Medicaid for Employed People with Disabilities Program:

- Expands eligibility from 250% FPL to 300% FPL
- Excludes pension accounts from income eligibility determinations
- Strikes limits on DHHS charging premiums
- Requires DHHS to maintain a website for individuals to pay premiums electronically

Section 7 (Iowa Code 249A.4)

Requires DHHS to submit a report to the legislature starting October 1, 2026 that details the payment error rates in Medicaid.

This section also requires DHHS to submit an annual report to the legislature on exceptions to policy within the Medicaid program. This report should include the total number of ETPs, and the cumulative cost, types of exceptions, any identifiable trends in geography, services, or eligibility classification of the ETPs granted.

Section 8 (Iowa Code 249A.32C) – New Section

Defines “consumer”, “rural area” and “waiver”. Requires an increased base reimbursement rate for HCBS providers in rural areas to cover the travel time and expenses incurred. The legislature made a similar rural rate for home health in the FY23 HHS Budget.

Section 9 (Iowa Code 249A.32D) – New Section

Defines “cost neutral”. Requires DHHS to do a cost neutral analysis prior to submitting a waiver request for Medicaid to CMS. If the waiver is determined to be not cost neutral to the state, DHHS shall not submit the request unless approved by a majority vote of both chambers of the legislature.

Section 10 – Medicaid Exceptions to Policy Review – Report to General Assembly

Requires DHHS to conduct a review of Medicaid ETPs between January 1, 2020 and January 1, 2026 and submit a report on its findings to the legislature by December 2026. Similar analysis as Section 8 of the bill.

Section 11 – Contingent Effective Date

Section 6 regarding MEPD takes effect upon federal approval.

Division III – Eligibility for Certain Programs

Section 12 (Iowa Code 234.6A) – New Section

Defines “public assistance program” as CCA, FIP, Medicaid, SNAP, WIC.

Unless prohibited by federal law, DHHS may require an applicant for public assistance to prove at least 12-months of continuous residency within the state. Allows for the applicant to provide a statement attesting to length of residency, statement from the applicant’s employer, any other statement from other persons with knowledge of the applicant’s length of residency, a copy of the applicant’s most recent Iowa income tax return. This 12-month residency requirement does not apply to applicants who receive Social Security benefits.

Sections 13 and 14 (Iowa Code 239.6)

Adds systematic alien verification for entitlements online service to the list of information sought on public assistance program applicants.

Division IV – Miscellaneous Public Assistance Programs

Section 15 (Iowa Code 135.16E) – New Section

Requires DHHS to restrict participating in WIC to citizens and qualified aliens.

Section 16 (Iowa Code 249N.6)

Allows IHWP providers to impose a fee of \$5 or less on a member based on their failure to attend a scheduled appointment with the provider.

Section 17 (Iowa Code 29N.7)

Aligns Iowa’s Medicaid Expansion monthly premium contributions with the OBBA for those above 100% FPL. Codifies the \$8 copayment for those individuals for nonemergent use of the ER.

Section 18 (Iowa Code 249N.7)

Codifies a \$5 monthly fee for IHWP individuals above 100% FPL that fail to receive an annual preventative care exam.

Additionally, requires those individuals to pay a \$5 copay for diagnostic dental procedures and \$1 copay for a prescription drug when a suitable generic equivalent drug is available to the member.

Section 19 (2023 Iowa Acts, chapter 104, section 12, subsection 3)

Changes the implementation date of SF494 from 2023 from “with a goal of full implementation no later than July 1, 2025” to “will full implementation completed by January 1, 2027”.

Section 20 – Iowa Health and Wellness Plan – Member Reenrollment Following Termination for Nonpayment of Monthly Contributions

Requires DHHS to seek approval of a 1115 demonstration waiver for IHWP to allow a member to reenroll once after not paying monthly copays for not completing preventative exams. Following a subsequent removal for failure to pay, the member will only be reenrolled if the member pays any outstanding monthly contributions.

Division V – Public Assistance Fraud – Report

Section 21 (Iowa Code 10A.404) – New Section

Codifies the DIAL annual public assistance fraud report that is required in the Admin and Reg Budget.

Section 22 (Iowa Code 10A.404A) – New Section

Requires DHHS to submit a report to the legislature every November regarding fraud activities in the WIC program.

Division VI – High-Acuity Pediatric Work Group – Report

Section 23 – High-Acuity Pediatric Work Group – Report to General Assembly

Requires DHHS to convene a work group to examine the unique service needs of high-acuity pediatric recipients of Medicaid and hawk-i. The work group will identify barrier to remaining in the least restrictive environment, develop a proposal for a tiered reimbursement methodology for high-acuity home health, and submit a report to the legislature by December 2026.

Division VII – Medicaid Reimbursement Rate – Special Population Nursing Facilities

Section 24 (Iowa Code 249A.2)

Adds a definition of “special population nursing facility”.

Section 25 (Iowa Code 249A.38C) – New Section

Requires Medicaid reimbursement to special population nursing facilities to be the average allowable per diem costs as adjusted for inflation.

Amendment Analysis

H-8180 by Scholten – Strike-after amendment that establishes the work without worry program to provide Medicaid benefits including HCBS services to all disabled individuals in the program. Individuals are only required to work one hour per month. Prohibits DHHS from establishing any income or asset limits and makes anyone receiving social security income automatically eligible. Prohibits premiums on those that receive private insurance coverage, but establishes tiered rates based on income for others. Immediate effective date. **Revises the title.**

H-8188 by Harris – Exempts spousal income and one vehicle per household from MEPD. Makes extra clear that legal children are allowed to receive WIC benefits even if their parent is illegal. z

