

Statement for Iowa State Public Hearing

On HF 2739

A bill for an act relating to state finances by modifying the taxes imposed on health maintenance organizations, making transfers from the taxpayer relief fund, making and supplementing appropriations to the department of health and human services, and including effective date, contingent effective date, applicability, and retroactive applicability provisions. (Formerly HSB 762.)

Chair, members of the committee, thank you for the opportunity to speak.

I want to address the broader context surrounding this proposal and the structure of Iowa's Medicaid system.

In 2016, Governor Terry Branstad moved Iowa's Medicaid program into a privatized managed-care model through executive action. That decision fundamentally changed how healthcare is delivered for hundreds of thousands of Iowans.

Since then, the system has experienced significant challenges.

In 2019, one of the participating insurers, AmeriHealth Caritas, exited the program following financial disputes with the state. When that happened, a large number of patients had to be reassigned to other plans, creating disruption for both patients and providers.

Healthcare providers, particularly rural hospitals, have also raised concerns. The Iowa Hospital Association has repeatedly reported issues involving delayed payments, administrative complexity, and uncertainty around reimbursements under the managed-care system.

For rural hospitals operating on very narrow margins, payment delays and administrative burdens are not minor inconveniences. They affect staffing, services, and in some cases the long-term stability of the facility itself.

These experiences raise an important policy question.

Is the current structure delivering the stability and access that Iowans were promised when the system was privatized?

The proposal under consideration would place Iowa's managed-care structure directly into statute, requiring Medicaid services to continue being delivered through managed-care organizations.

That change would make it significantly harder for future administrations to adjust the structure of the program without legislative action.

Regardless of political party, we should be cautious about locking a complex system into place if there are still ongoing questions about how well it is working.

Healthcare systems require the ability to adapt. Programs that serve vulnerable populations especially need flexibility to respond to changing conditions, provider needs, and patient access concerns.

If a system has required repeated adjustments since its creation—contract renegotiations, funding fixes, and operational changes—then it may be worth asking whether we should be preserving flexibility rather than narrowing it.

My concern is not about revisiting the past for its own sake.

It is about making sure Iowa retains the ability to improve its healthcare system when evidence shows improvement may be needed.

Medicaid is one of the most important healthcare programs in this state. Decisions about its structure should prioritize stability, transparency, and access to care for the people who depend on it.

And when a system has shown signs of strain, the responsible course is not to lock it in place, but to ensure we retain the ability to improve it.

Thank you for your time.

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