Regulatory Analysis

Notice of Intended Action to be published: 481—Chapter 90
"Public Assistance Debt Recovery Unit (PADRU)"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 10A.402

State or federal law(s) implemented by the rulemaking: Iowa Code section 10A.402 and Executive Order 10

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

October 21, 2025 1:30 p.m.	Ledges Conference Room 6200 Park Avenue Des Moines, Iowa

Information on virtual participation will be available on the Department of Inspections, Appeals, and Licensing's website prior to the hearing.

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

This proposed rulemaking rescinds and repromulgates Chapter 90 and implements Iowa Code section 10A.402 in accordance with Executive Order 10.

Iowa Code section 10A.402 provides that the Director of the Department shall coordinate the conduct of various audits and investigations and the collections regarding the liquidation of overpayment debts.

This rulemaking sets forth the recovery-of-debt process used by the Department.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

There is no cost to the general public for this proposed rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Iowans will benefit from the proposed rulemaking through the collection of Medicaid funds that were fraudulently received and deterring others from attempting to fraudulently obtain Medicaid funds.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

The PADRU's duties and responsibilities are mandated by State and federal law. These rules do not impose costs that are different from or beyond any costs borne due to statutory mandates. There are no specific financial costs needed to implement/enforce the rules outside of the general operating budget. There do not appear to be any quantitative noneconomic impacts of the rules.

- **Qualitative description of impact:**

The rulemaking ensures that public funds are being spent wisely. If public assistance fraud is discovered, the Department makes every effort to recover those funds.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The PADRU has four full-time employees and a budget appropriation of $240,442. The Unit receives $175,239 in revenue from other agencies. These cover the PADRU's general operating costs.

- **Anticipated effect on State revenues:**

Moneys collected pursuant to this rulemaking are returned to the State.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The costs justify the benefits received. In fiscal year 2022, the PADRU collected $3,344,885 in overpayments for benefits issued to Iowa Department of Health and Human Services (HHS) recipients in error.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The PADRU's duties and responsibilities are mandated by State and federal law, and this rulemaking provides no substantive requirement or restriction.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

See response to question five above.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

See response to question five above.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 481—Chapter 90 and adopt the following **new** chapter in lieu thereof:

CHAPTER 90
PUBLIC ASSISTANCE DEBT RECOVERY UNIT (PADRU)

PREAMBLE

More information related to this chapter can be found in 441—Chapter 11.

481—90.1(10A) Definitions. The following definitions apply:

"Active case" means a household that is receiving public assistance.

"Allotment reduction" means an amount withheld from a financial or SNAP benefit.

"Benefit reduction" refers to SNAP.

"Debt" means the dollar amount of public assistance, by program, received by or on behalf of a person or provider in excess of that allowed by law, rules, or regulations for any given month(s); or the dollar amount of public assistance unlawfully transferred or obtained in violation of program rules; or the dollar amount of unpaid IowaCare personal financial responsibility obligations.

"Debtor" means any person who has been determined by HHS or by the department to be responsible for the repayment of a particular public assistance debt.

"Department" means the department of inspections, appeals, and licensing.

"Economic fraud bureau" means the economic fraud bureau of the investigations division of the department.

"FIP" means the family investment program described in 441—Chapters 40, 41, 45 and 46.

"Grant reduction" refers to the FIP and to RCA.

"HHS" means the Iowa department of health and human services.

"Notice of debt" means a notice that informs the debtor that a debt in a public assistance program has occurred and identifies the debt amount, the dates on which the debt was incurred, the cause of the debt, and the options the debtor has to repay the debt (more information can be found in 441—Chapter 11).

"Public assistance" means any program that HHS administers that confers a financial, medical, or SNAP benefit.

"RCA" means refugee cash assistance as described in 441—Chapter 60.

"Recovery" means the repayment of a debt by direct cash or credit card payment from the debtor, by allotment reduction, by setoffs, or by garnishment of wages or assets.

"Repayment agreement" means the same as defined in rule 441—11.1(217).

"Setoffs" means the practice described in Iowa Code section 421.65 and 701—Chapter 26.

"SNAP" means the Supplemental Nutrition Assistance Program as defined in rule 441—65.1(234).

"Title XIX divestiture" means a debt against a person who receives transferred assets from a Medicaid applicant or recipient within five years prior to an application for medical assistance if the applicant is approved for medical assistance (Medicaid) or a transfer impacting the recovery or payment of a medical assistance (Medicaid) debt.

481—90.2(10A) Recovery process. The recovery process begins when data specifying which public assistance program(s) owed a debt is successfully entered on the designated overpayment recovery system and a notice of debt is issued to the debtor.

481—90.3(10A) Records. PADRU maintains an account for each debt that has occurred for a debtor filed under the debtor's name, including information maintained pursuant to rule 441—11.2(217).

481—90.4(10A) Debt repayment. A notice of debt pursuant to 441—subrule 11.2(2) or Form 470-0495, Agreement to Pay a Debt, is used to initiate payments of a debt. The minimum rate of payment is determined by each program unless set by a court order or otherwise negotiated by HHS. All recoveries are transmitted to the HHS cashier. Payments are made directly by cash, check, or

money order or through an online payment portal by the debtor except as otherwise provided in this rule. The amount of allotment reduction for a FIP overpayment caused by an agency error will be different from the amount of allotment reduction for a client error, as determined by HHS.

90.4(1) *Active cases—PROMISE JOBS program.* For payment reduction for the PROMISE JOBS program, the debtor has to provide written permission to effectuate a FIP reduction.

90.4(2) *Active cases—FIP, RCA, SNAP.* Allotment reduction will be used, except that cash payment pursuant to a repayment agreement may be used when the repayment amount exceeds the amount that may be collected by allotment reduction.

90.4(3) *SNAP with electronic benefit balances.* SNAP payments may be made by returning electronic benefits to pay the debt.

481—90.5(10A) Further collection action. If complete repayment has not been received by the methods described in rule 481—90.4(10A), or if the repayment agreement is not returned, further collection action may be taken. This action includes but is not limited to the following:

90.5(1) *For all debts.*

a. Debts of $6,500 or less, small claims court action.

b. Debts of more than $6,500, referral to the attorney general for district court action.

c. State income tax refund setoffs in accordance with 441—Chapter 11 and Iowa Code section 8A.504.

d. The filing of a claim in a debtor's estate or bankruptcy proceedings.

e. Garnishment of wages or assets.

f. Setoffs of a state warrant.

g. Distress warrants.

h. Liens.

90.5(2) *For SNAP debts.* In addition to the above actions, federal offsets may be used for the collection of SNAP debts in accordance with rule 441—11.5(234).

481—90.6(10A) Appeal rights. If a notice of debt or other notice of adverse action is received by the debtor and the debtor wishes to contest the debt, an appeal is submitted to the recovery unit or to HHS. If an appeal is submitted, the recovery process is suspended until conclusion of the appeal process outlined in 481—Chapter 9 and 441—Chapter 7.

481—90.7(10A) Data processing systems matches. The recovery unit compares information with other data processing systems to identify the location, resources, or income of a debtor. Part or all of a data processing system is used. The recovery unit uses but is not limited to using the data processing systems of the following entities:

1. Social Security Administration,
2. Department of workforce development,
3. Department of revenue,
4. Department of administrative services,
5. Department of transportation (driver's license and motor vehicle registration), and
6. Department of health and human services.

481—90.8(10A) Confidentiality. The confidentiality of records is in accordance with 441—Chapter 9.

These rules are intended to implement Iowa Code section 10A.402.