

Senate File 2464

S-5125

1 Amend Senate File 2464 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 HEALTH MAINTENANCE ORGANIZATION TAXATION

6 Section 1. Section 249A.13, subsection 1, Code 2026, is
7 amended to read as follows:

8 1. A Medicaid managed care organization ~~premiums~~ health
9 care tax fund is created in the state treasury under the
10 authority of the department of health and human services.
11 Moneys collected by the director of the department of revenue
12 as taxes ~~on premiums~~ pursuant to [section 432.1B](#) [432B.2](#) shall be
13 deposited in the fund.

14 Sec. 2. Section 432.1, unnumbered paragraph 1, Code 2026,
15 is amended to read as follows:

16 Every insurance company or association of whatever kind or
17 character, not including fraternal beneficiary associations,
18 health maintenance organizations, and nonprofit hospital and
19 medical service corporations, shall, as required by law, pay to
20 the director of the department of revenue, or to a depository
21 designated by the director, as taxes, an amount equal to the
22 following, except that the premium tax applicable to county
23 mutual insurance associations shall be governed by section
24 518.18:

25 Sec. 3. Section 432.1, subsection 2, unnumbered paragraph
26 1, Code 2026, is amended to read as follows:

27 The "*applicable percent*" for purposes of [subsection 1](#) of this
28 section, ~~[section 432.1B](#)~~, and [section 432.2](#) is the following:

29 Sec. 4. NEW SECTION. 432B.1 Definitions.

30 As used in this chapter:

31 1. "*Commissioner*" means the commissioner of insurance.

32 2. "*Health maintenance organization*" means the same as
33 defined in section 514B.1. "*Health maintenance organization*"
34 includes a health maintenance organization contracting with
35 the department of health and human services to administer the

1 medical assistance program under chapter 249A.

2 3. a. *"Taxable funds"* means all of the following:

3 (1) Payments received by the health maintenance
4 organization for health care services, insurance, indemnity,
5 or other benefits to which an enrollee is entitled through a
6 health maintenance organization.

7 (2) Payments made by the health maintenance organization
8 to providers for health care services, to insurers, or to
9 corporations authorized under chapter 514 for insurance,
10 indemnity, or other authorized service benefits, except
11 a payment made by a health maintenance organization that
12 qualifies both as a payment received under subparagraph (1) and
13 a payment made under this subparagraph, shall be considered
14 taxable funds under subparagraph (1).

15 b. *"Taxable funds"* does not include payments made to a
16 health maintenance organization by the United States secretary
17 of health and human services under a contract issued under
18 section 1833 or 1876 of the federal Social Security Act, or
19 under section 4015 of the federal Omnibus Budget Reconciliation
20 Act of 1987.

21 Sec. 5. NEW SECTION. 432B.2 **Imposition of health**
22 **care-related tax.**

23 1. Commencing with the calendar year beginning January
24 1, 2026, and for subsequent calendar years, each health
25 maintenance organization transacting business in this state
26 shall be subject to a health care-related tax payable to
27 the director of revenue in an amount equal to ninety-five
28 hundredths of one percent of the applicable percentage of
29 taxable funds.

30 2. The amounts received by the director of revenue from the
31 imposition of the tax shall be deposited in the health care tax
32 fund created in section 249A.13.

33 Sec. 6. NEW SECTION. 432B.3 **Date tax due — method of**
34 **payment — statute of limitations.**

35 1. Except as provided in subsection 2, the tax imposed

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(amending this SF 2464 to CONFORM to HF 2739)

1 under this chapter shall be paid on or before March 1 of the
2 year following the calendar year for which the tax is due. The
3 commissioner may suspend or revoke the license of a health
4 maintenance organization subject to the health care-related tax
5 in this chapter that fails to pay the health care-related tax
6 on or before the due date.

7 2. *a.* Each health maintenance organization transacting
8 business in this state that is subject to the tax in section
9 432B.2 shall remit on or before June 1, on a prepayment basis,
10 an amount equal to one-half of the product of the rate in
11 section 432B.2 and the taxable funds in the prior calendar
12 year.

13 *b.* In addition to the prepayment amount in paragraph "a",
14 each health maintenance organization subject to the tax in this
15 chapter shall remit on or before August 15, on a prepayment
16 basis, an additional amount equal to one-half of the product of
17 the rate in section 432B.2 and the taxable funds in the prior
18 calendar year.

19 *c.* (1) The sums prepaid by a health maintenance
20 organization under paragraphs "a" and "b" shall be allowed
21 as credits against the health maintenance organization's
22 health care-related tax liability for the calendar year during
23 which the payments are made. If a prepayment made under this
24 subsection exceeds the health maintenance organization's annual
25 health care-related tax liability, the excess shall be allowed
26 as a credit against the health maintenance organization's
27 subsequent prepayment or tax liabilities under this chapter.
28 The commissioner shall authorize the department of revenue
29 to make a cash refund to a health maintenance organization,
30 in lieu of a credit against subsequent prepayment or tax
31 liabilities under this section, if the health maintenance
32 organization demonstrates the inability to recoup the funds
33 paid via a credit.

34 (2) The commissioner shall adopt rules establishing a
35 health maintenance organization's eligibility for a cash

1 refund, and the process for the department of revenue to make a
2 cash refund to an eligible health maintenance organization from
3 the Medicaid managed care organization health care tax fund
4 created in section 249A.13. The commissioner may suspend or
5 revoke the license of a health maintenance organization that
6 fails to make a prepayment on or before the due date under this
7 subsection.

8 3. The commissioner shall determine whether or not the tax
9 remitted is correct. If the tax remitted is not sufficient,
10 the commissioner shall notify the delinquent company of the
11 amount of such delinquency and certify the amount to the
12 department of revenue which shall proceed to collect the
13 delinquency.

14 4. Within five years after the tax return is filed or within
15 five years after the tax return became due, whichever is later,
16 the commissioner shall examine the return and determine the
17 tax. An assessment or a claim for credit must be made within
18 five calendar years after the annual tax filing is made. For
19 a five-year period preceding the current calendar year, a
20 company may apply for a credit, or the commissioner may make
21 an assessment, as appropriate. The period of examination and
22 determination of the correct amount of tax is unlimited in the
23 case of a false or fraudulent return made with the intent to
24 evade tax or in the case of a failure to file a return.

25 Sec. 7. Section 508C.19, Code 2026, is amended to read as
26 follows:

27 **508C.19 Credits for assessments paid.**

28 1. An insurer may offset an assessment made pursuant to
29 section 508C.9 against its premium tax liability pursuant to
30 chapter 432 or health care-related tax liability pursuant to
31 chapter 432B to the extent of twenty percent of the amount of
32 the assessment for each of the five calendar years following
33 the year in which the assessment was paid. If an insurer
34 ceases doing business, all uncredited assessments may be
35 credited against its premium or health care-related tax

1 liability for the year it ceases doing business.

2 2. Sums acquired by refund from the association which have
3 been written off by contributing insurers and offset against
4 premium taxes or health care-related taxes as provided in
5 subsection 1 and are not then needed for purposes of this
6 chapter shall be paid by the association to the commissioner.
7 The commissioner shall remit the moneys to the treasurer of
8 state to deposit in the state general fund.

9 Sec. 8. Section 514B.31, Code 2026, is amended by striking
10 the section and inserting in lieu thereof the following:

11 **514B.31 Health maintenance organization health care-related**
12 **taxation.**

13 Every health maintenance organization and including health
14 maintenance organizations contracting with the department of
15 health and human services to administer the medical assistance
16 program under chapter 249A shall be subject to taxation under
17 chapter 432B.

18 Sec. 9. Section 514E.1, subsection 3, Code 2026, is amended
19 to read as follows:

20 3. "*Carrier*" means an insurer providing accident and
21 sickness insurance under [chapter 509](#), [514](#), [514A](#) and includes a
22 health maintenance organization established under [chapter 514B](#)
23 if payments received by the health maintenance organization
24 are considered premiums pursuant to ~~section 514B.31~~ and are
25 ~~taxed under [chapter 432](#)~~ subject to the health care-related
26 tax under [chapter 432B](#). "*Carrier*" also includes a corporation
27 which becomes a mutual insurer pursuant to [section 514.23](#) and
28 any other person as defined in [section 4.1, subsection 20](#), who
29 is or may become liable for the tax imposed by chapter 432 or
30 432B.

31 Sec. 10. Section 514E.2, subsection 13, Code 2026, is
32 amended to read as follows:

33 13. An insurer may offset an assessment made pursuant to
34 this chapter against its premium tax liability pursuant to
35 chapter 432 or against its health care-related tax liability

1 pursuant to chapter 432B, as applicable, to the extent of
2 twenty percent of the amount of the assessment for each
3 of the five calendar years following the year in which the
4 assessment was paid. If an insurer ceases doing business, all
5 uncredited assessments may be credited against its premium or
6 health care-related tax liability for the year it ceases doing
7 business.

8 Sec. 11. REPEAL. Section 432.1B, Code 2026, is repealed.

9 Sec. 12. PREMIUM TAX — HEALTH MAINTENANCE
10 ORGANIZATION. For purposes of imposing the premium tax
11 under section 432.1, beginning with calendar year 2026, and
12 subsequent calendar years, a health maintenance organization
13 is not subject to the premium tax under section 432.1, if the
14 health maintenance organization is subject to the imposition
15 of the health care-related tax under chapter 432B, if enacted
16 by this division of this Act.

17 Sec. 13. TEMPORARY PROVISIONS FOR THE HEALTH CARE-RELATED
18 TAX AND PREPAYMENTS FOR CALENDAR YEAR 2026. Notwithstanding
19 section 432B.2, subsection 1, if enacted by this division
20 of this Act, each health care maintenance organization
21 transacting business in this state shall be subject to a health
22 care-related tax payable to the director of revenue in an
23 amount equal to three and one-half percent of the applicable
24 percentage of taxable funds as defined in section 432B.1,
25 if enacted by this division of this Act, for the period in
26 calendar year beginning January 1, 2026, and ending September
27 30, 2026. The difference between the amount of taxes collected
28 pursuant to this section and the amount of tax that would be
29 collected by imposing the rate under section 432B.2, subsection
30 1, if enacted by this division of this Act, shall not be
31 subject to prepayment under section 432B.3, subsection 1, if
32 enacted by this division of this Act.

33 Sec. 14. CONTINGENT EFFECTIVE DATE. The following takes
34 effect upon the date the department of health and human
35 services notifies the general assembly and the Code editor of

1 the approval by the federal centers for Medicare and Medicaid
2 services of the United States department of health and human
3 services of the method of taxation upon a health maintenance
4 organization imposed pursuant to this division of the Act:

5 The section of this division of this Act enacting the
6 temporary provisions for the health care-related tax and
7 prepayments for calendar year 2026.

8 Sec. 15. EFFECTIVE DATE. Unless otherwise provided, this
9 division of this Act, being deemed of immediate importance,
10 takes effect upon enactment.

11 Sec. 16. RETROACTIVE APPLICABILITY. This division of this
12 Act applies retroactively to January 1, 2026, for tax years
13 beginning on or after that date.

14 DIVISION II

15 TAXPAYER RELIEF FUND TRANSFERS — SUPPLEMENTAL APPROPRIATIONS

16 Sec. 17. Section 8.54, subsection 5, paragraph b, Code 2026,
17 is amended to read as follows:

18 b. (1) For fiscal years in which it is anticipated that
19 moneys will be transferred from the taxpayer relief fund to
20 the general fund of the state in accordance with section
21 8.57E, subsection 2, paragraph "b", the original state general
22 fund expenditure limitation amount provided for in subsection
23 3 shall not be readjusted to include the amount of moneys
24 anticipated to be so transferred. This ~~paragraph~~ subparagraph
25 is repealed July 1, ~~2029~~ 2027.

26 (2) For the fiscal year beginning July 1, 2027, and each
27 fiscal year thereafter, in which it is anticipated that moneys
28 will be transferred from the taxpayer relief fund to the
29 general fund of the state in accordance with section 8.57E,
30 subsection 2, paragraph "b", the original state general fund
31 expenditure limitation amount provided for in subsection 3
32 shall be readjusted to include the amount of moneys anticipated
33 to be so transferred.

34 (3) This paragraph is repealed July 1, 2029.

35 Sec. 18. Section 8.57E, subsection 2, paragraph b, Code

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1 2026, is amended by adding the following new subparagraph:

2 NEW SUBPARAGRAPH. (02) (a) For the fiscal year beginning
3 July 1, 2027, the transfer pursuant to this paragraph shall not
4 exceed fifty percent of the difference between the adjusted
5 revenue estimate, as defined in section 8.54, for the fiscal
6 year and the net general fund appropriation for the fiscal
7 year.

8 (b) For the fiscal year beginning July 1, 2028, the transfer
9 pursuant to this paragraph shall not exceed fifty percent
10 of the difference between the adjusted revenue estimate, as
11 defined in section 8.54, for the fiscal year and the net
12 general fund appropriation for the fiscal year.

13 Sec. 19. TAXPAYER RELIEF FUND TRANSFER — FEDERAL TAX LAW
14 CHANGES.

15 1. On the effective date of this division of this Act, there
16 is transferred from the taxpayer relief fund created in section
17 8.57E to the general fund of the state, the following amount:
18 \$347,013,889

19 2. The transfer under this section is made in accordance
20 with section 8.57E, subsection 2, paragraph "a", for state tax
21 relief based on the reduction in state revenue for the fiscal
22 year beginning July 1, 2025, associated with 2025 federal tax
23 law changes pursuant to section 422.3, subsection 5, paragraph
24 "b", including but not limited to the allowance of income tax
25 deductions for qualified tips, overtime compensation, and
26 qualified passenger vehicle loan interest under the federal
27 Internal Revenue Code, as amended by Pub. L. No. 119-21,
28 commonly referred to as the One Big Beautiful Bill Act.

29 3. Notwithstanding section 8.54, the state general fund
30 expenditure limitation amount calculated for the fiscal year
31 beginning July 1, 2026, shall be readjusted to include one
32 hundred percent of the moneys transferred under this section.

33 Sec. 20. DEPARTMENT OF HEALTH AND HUMAN SERVICES —
34 SUPPLEMENTAL APPROPRIATION. There is appropriated from the
35 general fund of the state to the department of health and human

1 services for the fiscal year beginning July 1, 2025, and ending
2 June 30, 2026, the following amount, or so much thereof as is
3 necessary, to be used for the purposes designated:

4 To supplement the appropriation made for medical assistance
5 program reimbursement and associated costs in 2025 Iowa Acts,
6 chapter 169, section 9, unnumbered paragraph 2:

7 \$ 89,000,000

8 Notwithstanding section 8.33, moneys appropriated in this
9 section that remain unencumbered or unobligated at the close of
10 the fiscal year shall not revert but shall remain available for
11 expenditure for the purposes designated until the close of the
12 succeeding fiscal year.

13 Sec. 21. EFFECTIVE DATE. This division of this Act, being
14 deemed of immediate importance, takes effect upon enactment.>

15 2. Title page, by striking lines 1 through 6 and inserting
16 <An Act relating to state finances by modifying the taxes
17 imposed on health maintenance organizations, making transfers
18 from the taxpayer relief fund, making and supplementing
19 appropriations to the department of health and human services,
20 and including effective date, contingent effective date, and
21 retroactive applicability provisions.>

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