



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

September 9, 2024

Iowa Code section 17A.4(4) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at www.legis.iowa.gov/publications/fiscal/adminRulesFiscalImpact.

With each rule summary, the rulemaking type is indicated in parentheses following the ARC number. The acronyms have the following meanings: Notice of Intended Action (**NOIA**), Amended Notice of Intended Action (**ANOIA**), Notice of Termination (**NOT**), Adopted and Filed Emergency (**AFE**), Filed Emergency After Notice (**FEAN**), and Adopted and Filed (**AF**).

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Department of Health and Human Services

ARC 8183C (ANOIA)

Rule Summary Implements a subsidized adoption program for children with special needs, older children, and children otherwise hard to place in an adoptive home. Sets forth eligibility requirements, program procedures, and subsidy amounts for adoption subsidies.

State or Federal Law Implemented: 2024 Iowa Acts, House File 2698 (FY 2025 Health and Human Services Appropriations Act) and Iowa Code sections 600.17, 600.18, 600.19, 600.20, 600.21, 600.22, and 600.23.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs. This rulemaking has no fiscal impact to the State beyond that of the legislation it is intended to implement. House File 2698 allocated approximately \$148,000 from the General Fund to increase the adoption subsidy by 5.0% over the rates in effect on June 30, 2024.

ARC 8192C (ANOIA)

Rule Summary Updates the family income limit for the Child Care Assistance (CCA) program from 145.0% to 160.0% of the federal poverty level (FPL). Updates the minimum hours of participation from 28 to 32 for families who do not have a special needs child. Revises the CCA family fee chart to update annual FPL changes. Updates half-day reimbursement rates paid to child care providers to be based on the 2023 market rate survey.

State or Federal Law Implemented: 2023 Iowa Acts, House File 707 (Child Care Assistance, Eligibility Act) and 2024 Iowa Acts, House File 2658 (Child Care Assistance, Reimbursement Rates and Eligibility Act).

Fiscal Impact **Agency Response:** This rulemaking has no fiscal impact to the State of Iowa beyond that of the underlying legislation.

LSA Response: The LSA concurs.

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The **Notes on Bills and Amendments** for HF 707 estimated an increased cost to the Department of Health and Human Services (HHS) of \$25.7 million annually. The HHS anticipated that the fiscal impact could be absorbed by the surplus within the Child Care Development Fund.

The **Notes on Bills and Amendments** for HF 2658 estimated an increased cost of approximately \$15.0 million annually for the child care reimbursement rate portion of the Act. The federal share is estimated to be approximately \$11.7 million, and the State share is estimated to be approximately \$3.3 million. The HHS stated that the federal share could be absorbed by the surplus within the Child Care Development Fund and the State share could be covered by shifting State expenditures in other areas to federal funding sources, freeing up State moneys.

ARC 8204C (AF)

Rule Summary Reauthorizes an option to issue a 90-day supply on a continuing basis for select, cost-effective generic maintenance medications at the discretion of the prescriber while adhering to the guidelines provided by the Medicaid Drug Utilization Review (DUR) Commission. The Department of Health and Human Services (HHS) temporarily allowed an optional 90-day supply on all medications from March 19, 2020, through May 12, 2023, due to the Public Health Emergency (PHE).

State or Federal Law Implemented: Iowa Code section 249A.4.

Fiscal Impact **Agency Response:** This rulemaking has a fiscal impact to the State of Iowa. Medicaid will only pay one fee of \$10.38 for dispensing a 90-day supply to pharmacy providers versus three fees totaling \$31.14. This is an estimated cost savings of \$20.76 per 90-day supply. The estimated annual cost savings for Iowa Medicaid and managed care organizations (State and federal) is \$7.0 million, including \$2.5 million in estimated State savings and \$4.5 million in estimated federal savings.

LSA Response: The LSA concurs.

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Department of Health and Human Services: Public Health

ARC 8193C (AF)

Rule Summary Establishes a State-Funded Family Medicine Obstetrics Fellowship Program. Allows Iowa teaching hospitals to participate in the Program and apply for reimbursement for the cost of training and teaching the fellows. Limits reimbursement to no greater than the lesser of the amount of funds expended by the teaching hospital on the obstetrics fellow or \$140,000 per fellow.

State or Federal Law Implemented: Iowa Code section 135.193 and 2023 Iowa Acts, Senate File 561 (FY 2024 Health and Human Services Appropriations Act).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs. The rulemaking has no fiscal impact to the State beyond that of the legislation it is intended to implement. Senate File 561 and 2024 Iowa Acts, House File 2698 (FY 2025 Health and Human Services Appropriations Act) both made \$560,000 allocations to the State-Funded Family Medicine Obstetrics Fellowship Program Fund from the General Fund.

ARC 8178C (FEAN)

Rule Summary Requires the maximum consumable hemp product tetrahydrocannabinol (THC) concentration to be less than or equal to the lesser of 0.3% on a dry weight basis or 4 milligrams per serving and 10 milligrams per container on a dry weight basis. Adopts

consumable hemp product packaging and labeling requirements and requirements for manufacturing, selling, or consuming a consumable hemp product.

State or Federal Law Implemented: Iowa Code chapter 204, and 2024 Iowa Acts, House File 2605 (Consumable Hemp, Penalties and Licensing Act).

Fiscal Impact

Agency Response: This rulemaking has a fiscal impact to the State of Iowa. The Department of Health and Human Services (HHS) has received feedback indicating that the proposed serving and container limits in this rulemaking will have a significant fiscal impact to the consumable hemp industry in Iowa, although forecasting the actual impact is difficult since manufacturing consumable hemp products that meet the requirements of House File 2605 and these regulations is still possible.

LSA Response: The LSA concurs in part. While there may be an impact to the hemp industry, that impact is currently unknown. Due to this, any possible impact on State revenues is also unknown.

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Economic Development Authority

ARC 8196C (FEAN) & ARC 8046C (AFE)

Rule Summary

Establishes the Major Economic Growth Attraction (MEGA) Program. The MEGA Program provides incentives to advanced manufacturing, bioscience, or research and development businesses to attract investments in the State exceeding \$1.0 billion.

State or Federal Law Implemented: 2024 Iowa Acts, Senate File 574 (Major Economic Growth Attraction Program Act).

Fiscal Impact

Agency Response: This rulemaking has no fiscal impact to the State of Iowa beyond that of the legislation it is intended to implement.

LSA Response: The LSA concurs. The **Fiscal Note** for SF 574 estimated a reduction in General Fund revenue per project by the following amounts:

- FY 2028 = \$18.2 million
- FY 2029 = \$18.4 million
- FY 2030 = \$18.5 million
- FY 2031 = \$18.7 million
- FY 2032 = \$18.9 million

The rulemaking establishes an application fee for the Program as specified in SF 574. The fee per approved project is estimated to be \$98,000 per year for five years.

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Department of Revenue

ARC 8201C (AF)

Rule Summary

Implements the Employer Childcare Tax Credit, which is available to businesses that receive an award certificate from the Iowa Economic Development Authority (IEDA) and incur expenditures in Iowa that qualify for the federal Employer-Provided Childcare Tax Credit. Describes how to calculate and claim the tax credit and includes other restrictions and requirements.

State or Federal Law Implemented: Iowa Code section 237A.31; 2022 Iowa Acts, chapter 1148 (FY 2023 Economic Development Appropriations Act); and 26 U.S.C. §45F.

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Fiscal Impact

Agency Response: This rulemaking has no fiscal impact to the State of Iowa beyond that of the legislation it is intended to implement. Iowa Code section 237A.31 limits the aggregate amount of tax credits that the IEDA may approve to \$2.0 million annually.

LSA Response: The LSA concurs. The rulemaking has no fiscal impact to the State beyond that of the legislation it is intended to implement. The **Notes on Bills and Amendments** published for the 2022 Iowa Acts, chapter 1148, estimated that the annual cost associated with the Employer Childcare Tax Credit will decrease the individual income tax, corporate income tax, franchise tax, gross premiums tax, and moneys and credits tax revenues deposited in the General Fund by a combined \$40,000 in FY 2023, \$800,000 in FY 2024, and \$740,000 in FY 2025.

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