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[SF 2366](#) – Welfare Work Requirements (LSB6111SV)  
Staff Contact: Jess Benson (515.281.4611) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)  
Fiscal Note Version – New

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## **Description**

[Senate File 2366](#) relates to work, employment and training requirements for public assistance programs, and childcare, and does the following:

Section 1 provides that unless required by federal law, the Department of Human Services (DHS) shall not seek, apply for, accept, or renew any waiver of work requirements for Supplemental Nutrition Assistance Program (SNAP) benefits.

Section 2 requires the DHS to assign individuals receiving SNAP benefits, subject to requirements established under federal law so they may participate in the Employment and Training (E&T) Program.

Section 3 provides that if families were previously eligible for the Child Care Assistance Program, they would be eligible for a graduated eligibility phaseout program if their income is at least 185.0% of the federal poverty level (FPL) but less than 225.0% FPL for basic care, or if their income is at least 200.0% FPL but less than 250.0% FPL for special needs care. In addition, families with income at 225.0% FPL for basic care or 250.0% FPL for special needs care would be required to pay a copayment of 50.0% of the cost of care currently reimbursed by the DHS.

Section 4 prohibits a person from being eligible for Medicaid unless the individual meets one of the work-related requirements specified in the Bill. The Bill specifies those individuals exempt from the work-related requirements.

Sections 5-7 require the DHS to submit any State Plan amendment or waiver necessary to implement the Bill no later than January 1, 2021, and to adopt administrative rules as necessary to administer the Bill. The Bill takes effect upon enactment and the provisions of the Bill that do not require federal approval are required to be implemented beginning January 1, 2021; and those that require federal approval shall be implemented only upon receipt by the DHS of such federal approval.

## **Background**

While adding work requirements as a condition of eligibility does not conflict with existing federal law, other states have experienced lawsuits and legal implications after receiving approval from the Centers for Medicare and Medicaid Services (CMS) to impose community engagement or work activity requirements.

For additional background on the child care section, please see the [Fiscal Note](#) published on February 27, 2020, for [HF 2424](#).

## **Assumptions**

All increases in staffing are assumed for six months in FY 2021 and for a full year in FY 2022. The federal match rate varies from 0.0% to 100.0% for Programs and activities. Total cost and State share are depicted in the table under the Fiscal Impact.

### **SNAP Employment and Training**

- Requires 1,680 hours of contract computer work at \$105 per hour to allow the DHS to update various systems to handle referrals, cancellations for noncompliance, and automated access for Income Maintenance Workers.
- Making the SNAP E&T Program mandatory would impact 29,851 individuals receiving SNAP who are not exempt and approximately 2,985 (10.0%) would be disenrolled for noncompliance.
- The annual cost per participant for the E&T Program is \$703.41.
- Each participant will receive an additional two mailings per year for notifications, reminders, or cancellations at a cost of \$0.60 per mailing.
- At an 800:1 participant to staff ratio, an additional 37.0 Income Maintenance 2 (IM2) Full-Time Equivalent (FTE) positions would be required to track E&T.
- At an 8:1 support staff to IM2 ratio, the DHS would need an additional 5.0 Typist Advanced FTE positions.
- At a 14:1 supervisor to staff ratio, the DHS would need an additional 3.0 Income Maintenance Supervisor FTE positions.
- Each additional FTE position will require \$2,097 for computers and other technology.

### **Child Care Assistance Graduated Eligibility Phaseout**

- The DHS Notice of Intended Action [ARC 4937C](#) brings the CCA Plus Program into federal conformity, covering families with an income not to exceed 225.0% FPL for an indefinite period of time for basic care and special needs care under the current copayment structure.
- This proposed rulemaking will be adopted and filed with an effective date no later than July 1, 2020 (FY 2021).
- A new copayment schedule based on the rate that providers charge cannot be implemented until programming changes to the provider billing portal are completed.
- Programming changes will take 2,000 hours of programming time, plus part-time work from the DHS Bureau of Project Management. This will push the launch of the graduated phaseout program into FY 2022.
- Families at 225.0% FPL or at 250.0% FPL for basic care or special needs care are not eligible for services under the Bill because the Bill's eligibility provisions require a family's income to be less than those amounts.
- Once programming is complete, no families will be eligible under the phaseout program.

### **Work Requirements**

- Requires 38,495 hours of contract computer work at \$105 per hour to allow the DHS to update income maintenance systems and the Eligibility Integrated Application Solution eligibility system to integrate electronic reporting, compliance, and other systems changes.
- The DHS will need to send 50,397 Requests for Information (RFI) to individuals to determine if they are currently meeting work requirements at \$0.60 per mailing and 15 minutes of work for each IM2 FTE position.
- There will be an estimated 47,877 individuals enrolled in both the Medicaid and Iowa Health and Wellness Program who do not qualify for an exemption and who are not currently meeting the work requirement.
- The average annual cost per enrollee is \$5,129.47.
- The Bill does not specify any period for individuals to come into compliance with work requirements, so the estimate assumes all individuals not meeting work requirements will be disenrolled effective upon implementation January 1, 2021.
- There will be 1.0 IM2 FTE position needed to handle 2,394 appeals and 8.0 IM2 FTE positions needed to handle RFIs. Disenrolling 47,877 individuals would reduce caseloads requiring 21.0 fewer IM2 FTE positions, 1.0 fewer Typist Advanced FTE position, and 1.0 fewer Income Maintenance Supervisor FTE position.

- There will be 0.5 Management Analyst 3 FTE positions needed to monitor and evaluate reporting requirements for the demonstration waiver.
- There will be 1.0 Administrative Assistant 2 FTE position needed to handle appeals.

**Fiscal Impact**

[Senate File 2366](#) is estimated to have net savings to the State of \$17.3 million in FY 2021 and \$37.2 million in FY 2022, and subsequent fiscal years. This includes upfront State costs of \$6.2 million for staff, systems changes, contract, and postage in FY 2021 and ongoing State costs for staff, contract, and postage of \$10.4 million in FY 2022, and subsequent fiscal years. The estimates also include a savings to the State for the Medicaid program of \$23.8 million in FY 2021 and \$47.6 million in FY 2022 and subsequent fiscal years. Costs and savings are listed in the table below for FY 2021 and FY 2022.

This fiscal impact relates only to the Medicaid Program (total cost/state share). Hospitals and other safety net providers may be impacted if a large number of participants are disenrolled from State insurance coverage. No analysis has been done on that impact.

**Fiscal Impact Estimate for SF 2366**

	FY 2021		FY 2022	
	Total Cost	State Share	Total Cost	State Share
<b>DHS Staff Cost</b>				
DHS Staff Increase	\$ 1,005,683	\$ 444,533	\$ 2,011,367	\$ 889,066
Other IT Costs (New Computers)	73,401	47,691	0	0
<b>Total DHS Staff Cost</b>	\$ 1,079,084	\$ 492,224	\$ 2,011,367	\$ 889,066
<b>Information Technology</b>				
IT Systems Contractors	\$ 4,181,500	\$ 989,934	\$ 0	\$ 0
<b>Miscellaneous Costs</b>				
Education & Training Contract	\$ 9,448,907	\$ 4,724,453	\$ 18,897,813	\$ 9,448,907
Postage for E&T Participants	16,120	8,060	32,239	16,120
Postage for Medicaid Participants	15,119	7,439	30,238	14,878
<b>Total Miscellaneous Costs</b>	\$ 9,480,145	\$ 4,739,952	\$ 18,960,290	\$ 9,479,904
<b>Program Savings</b>				
Medicaid Enrollment Reductions	\$-122,791,906	\$-23,790,703	\$-245,583,813	\$-47,581,407
<b>Total Program Savings</b>	\$-122,791,906	\$-23,790,703	\$-245,583,813	\$-47,581,407
<b>SF 2366 Total Savings</b>	\$-108,051,177	\$-17,568,594	\$-224,612,155	\$-37,212,437
*Totals may not sum due to rounding.				

**Source**

Department of Human Services

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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