



[HF 2518](#) – Public Assistance Rate Reviews, Annual Reporting to General Assembly (LSB5344HV)
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Fiscal Note Version – New

Description

[House File 2518](#) creates provider rate reporting requirements for shelter care, Qualified Residential Treatment Programs (QRTPs), and the Medical Assistance Program (Medicaid), and does the following:

- Requires the Department of Health and Human Services (HHS) to biennially review shelter care and QRTP provider rates upon implementation of a uniform cost report. Requires the HHS, on or before October 1 of the immediately succeeding calendar year in which the review is conducted, to submit a report to the Governor and the General Assembly detailing the results of the review and recommendations for rate adjustments.
- Requires the HHS to annually review provider reimbursement rates for all Medicaid services by comparing each provider reimbursement rate to the rates set by Medicaid programs in states contiguous to Iowa, Medicaid programs in states with populations comparable to Iowa's as based on the most recent decennial census released by the United States Census Bureau, and the federal Medicare program, if applicable. Requires the HHS to submit an annual report that summarizes the review to the General Assembly by December 1.
- Requires the HHS, with input from the public, providers, and other stakeholders, to conduct a review at least biennially of provider reimbursement rates for all services rendered under a Medicaid Home and Community-Based Services (HCBS) waiver during the period of review specified by the HHS, beginning July 1, 2026. Requires the review to include the aggregate cost to the State to reimburse providers for services rendered to consumers under a waiver, utilization of services available to consumers, and the demonstrated capacity of providers to meet consumer demand for services with available resources and indicators of need for increased resources. Requires the HHS to develop proposed rate models and related changes to policy and procedures. Requires the HHS to submit a report to the General Assembly by December 31 of the year in which the review is completed, which includes rate models, the projected fiscal impact of implementing the proposed rate models including documentation supporting the actuarial soundness of the proposed rate models, and the proposed changes to policy and procedure.

Background

The HHS oversees [Child Welfare Emergency Services/shelter care](#) in Iowa. These services are short-term and temporary child welfare interventions. The HHS contracts with juvenile shelter care providers to offer services across the State. The providers receive reimbursement for expenses from the HHS.

The HHS oversees [Foster Group Care](#) services, including QRTPs, in Iowa. QRTPs are intended to help children with high needs, indicated by an adjudicated Child in Need of Assistance (CINA) or delinquency, thrive and develop the skills necessary to return home. The HHS contracts with providers to offer QRTP services across the State. The providers receive reimbursement for expenses from the HHS.

[Medicaid](#) is a joint federally and state-funded entitlement program that provides medical assistance to certain low-income individuals who are aged, blind, disabled, or pregnant and to children or members of families with dependent children. In Iowa, Medicaid is managed by the HHS. The [Iowa Medicaid Provider Fee Schedules](#) are lists of the payment amounts, by provider type, associated with the health care procedures and services covered by Iowa Medicaid. Providers are contractually obligated to submit their usual and customary charges but accept the Iowa Medicaid fee schedule reimbursement as payment in full. Provider charges are routinely reviewed by policy staff to determine the cost of service. The fee schedule can be increased or decreased based upon comparable charges throughout the community.

[Medicaid HCBS Waivers](#) provide medical, social, and supportive services for Iowans with functional, cognitive, and other physical or mental health needs. These services are meant to help people live and receive services in a home and community-based setting instead of an institution. Iowa currently has seven different HCBS Waivers, including the Health and Disability Waiver, the AIDS/HIV Waiver, the Elderly Waiver, the Intellectual Disabilities Waiver, the Brain Injury Waiver, the Physical Disability Waiver, and the Children’s Mental Health Waiver. HCBS provider reimbursement rates can be found on the [HHS Medicaid Fee Schedules webpage](#).

Assumptions

- The shelter care and QRTP rate reviews will be administered with existing resources.
- The Medicaid rate reviews will require an amendment to the HHS’s provider cost and audit contract. The contract amendment will cost approximately \$1.0 million each year.
- The HCBS rate review will require an amendment to the HHS’s provider cost and audit contract. The contract amendment will cost approximately \$1.3 million for each review cycle.
- The HHS will conduct the HCBS rate review biennially.
- The costs associated with the Bill will be paid by State and federal funds in equal shares.

Fiscal Impact

The total cost of HF 2518 is estimated to be \$2.3 million for FY 2027, of which the State cost is \$1.2 million and the federal cost is \$1.2 million. The total cost for FY 2028 is estimated to be \$1.0 million, of which the State cost is \$500,000 and the federal cost is \$500,000.

Source

Department of Health and Human Services

/s/ Jennifer Acton

February 24, 2026

Doc ID 1601458

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.
