

**STATE OF IOWA**  
KIM REYNOLDS  
GOVERNOR

June 11, 2025

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 1049, an Act relating to and making appropriations to the department of veterans affairs and the department of health and human services, and related provisions and appropriations, including aging and disability services; behavioral health, public health, community access and eligibility; the medical assistance program, state supplementary assistance, Hawki, and other health-related programs; sex reassignment surgeries or associated procedures; family well-being and protection; state-operated specialty care, administration and compliance; transfers, cash flows, and nonreversions; prior appropriations; the beer and liquor control fund, and the behavioral health fund; report on nonreversion of moneys; emergency rules; and a hospital directed payment program; and including effective date and retroactive applicability provisions.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds  
Governor of Iowa

cc: Secretary of the Senate  
Clerk of the House



House File 1049

AN ACT

RELATING TO AND MAKING APPROPRIATIONS TO THE DEPARTMENT OF VETERANS AFFAIRS AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, AND RELATED PROVISIONS AND APPROPRIATIONS, INCLUDING AGING AND DISABILITY SERVICES; BEHAVIORAL HEALTH, PUBLIC HEALTH, COMMUNITY ACCESS AND ELIGIBILITY; THE MEDICAL ASSISTANCE PROGRAM, STATE SUPPLEMENTARY ASSISTANCE, HAWKI, AND OTHER HEALTH-RELATED PROGRAMS; SEX REASSIGNMENT SURGERIES OR ASSOCIATED PROCEDURES; FAMILY WELL-BEING AND PROTECTION; STATE-OPERATED SPECIALTY CARE, ADMINISTRATION AND COMPLIANCE; TRANSFERS, CASH FLOWS, AND NONREVERSIONS; PRIOR APPROPRIATIONS; THE BEER AND LIQUOR CONTROL FUND, AND THE BEHAVIORAL HEALTH FUND; REPORT ON NONREVERSION OF MONEYS; EMERGENCY RULES; AND A HOSPITAL DIRECTED PAYMENT PROGRAM; AND INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

DEPARTMENT OF VETERANS AFFAIRS — FY 2025-2026

Section 1. DEPARTMENT OF VETERANS AFFAIRS. There is appropriated from the general fund of the state to the department of veterans affairs for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. DEPARTMENT OF VETERANS AFFAIRS ADMINISTRATION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,369,205
.....	FTEs	15.00

2. IOWA VETERANS HOME

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	8,145,736
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a. The Iowa veterans home billings involving the department of health and human services shall be submitted to the department on at least a monthly basis.

b. The Iowa veterans home expenditure report shall be submitted monthly to the general assembly.

3. HOME OWNERSHIP ASSISTANCE PROGRAM

For transfer to the Iowa finance authority for the continuation of the home ownership assistance program for persons who are or were eligible members of the armed forces of the United States or eligible service members pursuant to section 16.54:

.....	\$	2,200,000
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DIVISION II

AGING AND DISABILITY SERVICES — FY 2025-2026

Sec. 2. DEPARTMENT OF HEALTH AND HUMAN SERVICES — AGING AND DISABILITY SERVICES. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For aging programs for the department of health and human services and area agencies on aging to provide citizens of Iowa who are 60 years of age and older with case management; for Iowa's aging and disabilities resource centers; for the return to community program; for the purposes of chapter 231E; to administer the prevention of elder abuse, neglect, and exploitation program pursuant to section 231.56A, in accordance with the requirements of the federal Older Americans Act of 1965, 42 U.S.C. §3001 et seq., as amended; for the operation

of the dependent adult abuse services program pursuant to chapter 235B; for other services which may include but are not limited to adult day care, respite care, chore, information and assistance, and material aid; for information and options counseling for persons with disabilities; and for salaries, support, administration, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$ 19,208,180
.....	FTEs 88.00

1. Moneys appropriated in this section may be used to supplement federal moneys received under federal regulations. To receive moneys appropriated in this section, a local area agency on aging shall match the moneys with moneys from other sources according to rules adopted by the department. Moneys appropriated in this section may be used for services not specifically enumerated in this section only if approved by the department as part of an area agency on aging's area plan.

2. Of the moneys appropriated in this section, \$949,282 shall be used for the family support center component of the comprehensive family support program under section 225C.47.

3. Of the moneys appropriated in this section, \$33,632 shall be used to build community capacity through the coordination and provision of training opportunities in accordance with the consent decree of Conner v. Branstad, No. 4-86-CV-30871 (S.D. Iowa, July 15, 1994).

DIVISION III

BEHAVIORAL HEALTH — FY 2025-2026

Sec. 3. DEPARTMENT OF HEALTH AND HUMAN SERVICES — BEHAVIORAL HEALTH. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For behavioral health prevention, treatment, and recovery efforts to reduce the prevalence of the use of, provide treatment for, and support recovery from alcohol, tobacco, and substance use and misuse, problem gambling, and other addictive behaviors. Activities shall align with accepted best practice

guidance standards for behavioral health including those published by the centers for disease control and prevention of the United States department of health and human services, and the substance abuse and mental health services administration of the United States department of health and human services, for health promotion; universal, selective, and indicated prevention; treatment; and recovery services and supports; and shall include a 24-hour helpline, public information resources, professional training, youth prevention, program evaluation, and efforts at the state and local levels, and for not more than the following full-time equivalent positions:

.....	\$ 24,442,121
.....	FTEs            71.00

1. Of the moneys appropriated in this section, \$300,000 shall be used to support the work of the children's behavioral health system including evidence-based behavioral health prevention, treatment, and recovery services and supports for children and their families pursuant to the intent specified in section 225C.6B, subsection 1.

2. Of the moneys appropriated in this section, \$950,000 shall be used for an integrated substance use disorder managed care system. The department shall maintain the level of mental health and substance use disorder treatment services provided by the managed care contractors, and shall take the steps necessary to continue the federal waivers as needed to maintain the level of services.

Sec. 4. DEPARTMENT OF HEALTH AND HUMAN SERVICES — SPORTS WAGERING RECEIPTS FUND. There is appropriated from the sports wagering receipts fund created in section 8.57I, to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for behavioral health prevention, treatment, and recovery efforts to reduce the prevalence of the use of, provide treatment for, and support recovery from alcohol, tobacco, and substance use and misuse, problem gambling, and other addictive behaviors:

.....	\$ 1,750,000
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DIVISION IV

Sec. 5. DEPARTMENT OF HEALTH AND HUMAN SERVICES — PUBLIC HEALTH. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For programs that support health promotion, protect the health and safety of the public, conduct disease surveillance and investigation to reduce the incidence of morbidity and mortality, serve individuals with chronic conditions including but not limited to cancer, support the Iowa donor registry as specified in section 142C.18, and strengthen the health care delivery system and workforce to improve health outcomes for all Iowans, and for not more than the following full-time equivalent positions:

.....	\$ 22,433,369
.....	FTEs 348.60

1. Of the moneys appropriated in this section, the following amounts are allocated to the department of health and human services to be used as follows to support the goals of increased access, health system integration, and engagement:

a. \$600,000 for distribution to a nonprofit organization that established the first statewide drug donation repository for continuation of the pharmaceutical infrastructure for safety net providers established as described in 2007 Iowa Acts, chapter 218, section 108, and for the prescription drug donation repository program established in chapter 135M. Moneys under this paragraph shall be distributed in their entirety on July 1, 2025, for the purpose specified.

b. \$374,000 for distribution to free clinics, as defined in section 135.24, and a nonprofit organization that facilitates the initiation, operation, and collaboration of free clinics for necessary infrastructure, statewide coordination, provider recruitment, service delivery, and provision of assistance to patients in securing a medical home inclusive of oral health care. Of the moneys allocated, \$40,000 shall be used to lower fees associated with using an electronic prescribing system. Moneys under this paragraph shall be distributed in their entirety on July 1, 2025, for the purpose specified.

c. \$25,000 for distribution to an organization that raises awareness about issues related to rural health clinics for necessary infrastructure and service delivery transformation. Moneys under this paragraph shall be distributed in their entirety on July 1, 2025, for the purpose specified.

d. \$225,000 for distribution to an organization that is the oldest continuously operating medical society in the most populous county in the state according to the most recently published census for continuation of safety net provider patients access to specialty care as described in 2007 Iowa Acts, chapter 218, section 109. Moneys under this paragraph shall be distributed in their entirety on July 1, 2025, for the purpose specified.

2. Of the moneys appropriated in this section, \$600,000 shall be used for rural psychiatric residencies for residents selected on or before June 30, 2025.

3. Of the moneys appropriated in this section, \$20,000 shall be used to make radon test kits available, free of charge, to homeowners and renters in the state. The department shall provide a link on the department's internet site for homeowners and renters in the state to order radon test kits.

4. Of the moneys appropriated in this section, \$2,300,000 shall be used for Medicaid graduate medical education efforts and consistent with the purpose of the department's request for approval to the centers of Medicare and Medicaid services of the United States department of health and human services for a Medicaid supplemental enhanced payment for the purposes of maximizing federal funding opportunities for graduate medical education as described in 2025 Iowa Acts, House File 972, or successor legislation.

5. The university of Iowa hospitals and clinics under the control of the state board of regents shall not receive indirect costs from the moneys appropriated in this section. The university of Iowa hospitals and clinics billings to the department shall be, at a minimum, on a quarterly basis.

#### DIVISION V

#### COMMUNITY ACCESS AND ELIGIBILITY — FY 2025-2026

Sec. 6. DEPARTMENT OF HEALTH AND HUMAN SERVICES — COMMUNITY ACCESS AND ELIGIBILITY. There is appropriated from the

general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

To be used for salaries, support, maintenance, and miscellaneous purposes and for family investment program (FIP) assistance in accordance with chapter 239B, and for other costs associated with providing needs-based benefits or assistance including but not limited to maternal and child health, oral health, obesity prevention, the promoting independence and self-sufficiency through employment, job opportunities and the basic skills (PROMISE JOBS) program, supplemental nutrition assistance program (SNAP) employment and training, the FIP diversion program, family planning, rent reimbursement, and eligibility determinations for medical assistance, food assistance, and the children's health insurance program, and for not more than the following full-time equivalent positions:

.....	\$ 68,542,456
.....	FTEs 870.40

1. Of the child support collections assigned under FIP, the federal share of the child support collections shall be credited to the child support services appropriation made in this division of this Act. Of the remainder of the child support collections assigned under FIP, a portion shall be credited to community access and eligibility, and the remaining moneys may be used to increase recoveries, to sustain cash flow in the collection services center refund account as provided in section 252B.13A, or for technology needs. If child support collections assigned under FIP are greater than estimated or are otherwise determined not to be required for maintenance of efforts, the state share of either amount is appropriated to the department for child support services as described in this Act, or may be transferred to or retained in the collection services center refund account.

2. Of the moneys appropriated in this section, \$3,075,000 shall be used for continuation of the department's initiative to provide for adequate developmental surveillance and screening during a child's first five years. The moneys shall be used first to fully fund the current participating counties

to ensure that those counties are fully operational, with the remaining moneys to be used for expanding participation to additional counties. Full implementation and expansion shall include enhancing the scope of the initiative through collaboration with child health specialty clinics to promote the use of developmental surveillance and screening to support healthy child development through early identification and response to both biomedical and social determinants of healthy development by providing practitioner consultation and continuous improvement through training and education, particularly for children with behavioral conditions and needs. The department shall also collaborate with the Medicaid program and child health specialty clinics to assist in coordinating the activities of the first five initiative into the establishment of patient-centered medical homes developed to improve health quality and population health while reducing health care costs. To the maximum extent possible, moneys allocated in this subsection shall be utilized as matching moneys for Medicaid program reimbursement.

3. Of the moneys appropriated in this section, \$1,145,102 is allocated to the Iowa commission on volunteer service for programs and grants.

4. The university of Iowa hospitals and clinics under the control of the state board of regents shall not receive indirect costs from the moneys appropriated in this section. The university of Iowa hospitals and clinics billings to the department shall be, at a minimum, on a quarterly basis.

CHILD SUPPORT SERVICES

Sec. 7. CHILD SUPPORT SERVICES. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child support services, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$ 15,644,114
.....	FTEs 464.00

1. Federal access and visitation grant moneys shall be used

for services designed to increase compliance with the child access provisions of court orders, including but not limited to neutral visitation sites and mediation services.

2. The appropriation made to the department for child support services may be used throughout the fiscal year in the manner necessary for purposes of cash flow management, and for cash flow management purposes the department may temporarily draw more than the amount appropriated provided the amount appropriated is not exceeded at the close of the fiscal year.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT

Sec. 8. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT. There is appropriated from the special fund created in section 8.41 to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, from moneys received under the federal temporary assistance for needy families (TANF) block grant pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, and successor legislation, including any TANF block grant moneys received in any prior fiscal year that were deposited in the special fund and remain unencumbered or unobligated on June 30, 2025, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For community access and eligibility:  
..... \$ 12,988,627
- 2. For community access and eligibility to provide pregnancy prevention grants on the condition that family planning services are funded:  
..... \$ 1,913,203

Pregnancy prevention grants shall be awarded to programs in existence on or before July 1, 2025, if the programs have demonstrated positive outcomes. Grants shall be awarded to pregnancy prevention programs developed after July 1, 2025, if the programs are based on existing models that have demonstrated positive outcomes. Grants shall comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, including the requirement that a program awarded a grant must emphasize sexual abstinence. Priority in the awarding of grants shall be given to programs

that serve areas of the state which demonstrate the highest percentage of unplanned pregnancies of females of childbearing age within the geographic area to be served by the grant.

3. To meet one of the four purposes of TANF as specified in 45 C.F.R. §260.20, including by modernizing the program to promote economic mobility and self-sufficiency, ensuring that families are able to overcome benefit cliffs, encouraging healthy families, and streamlining service delivery to reduce duplication:

..... \$ 25,000,000

4. For early intervention and supports for child abuse prevention grants and the family development and self-sufficiency (FaDSS) grant program in accordance with section 216A.107:

..... \$ 3,013,980

5. For accountability, compliance, program integrity, technology needs, and other resources necessary to meet federal and state reporting, tracking, and case management requirements, and other departmental needs:

..... \$ 3,533,647

6. For state child care assistance:

..... \$ 47,166,826

7. For child protective services:

..... \$ 65,364,100

DIVISION VI

MEDICAL ASSISTANCE PROGRAM — STATE SUPPLEMENTARY ASSISTANCE — HEALTHY AND WELL KIDS IN IOWA PROGRAM AND OTHER HEALTH-RELATED PROGRAMS — FY 2025-2026

Sec. 9. MEDICAL ASSISTANCE PROGRAM, STATE SUPPLEMENTARY ASSISTANCE, AND HEALTHY AND WELL KIDS IN IOWA PROGRAM. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For medical assistance program reimbursement and associated costs as specifically provided in the reimbursement methodologies in effect on June 30, 2025, except as otherwise expressly authorized by law, consistent with options under

federal law and regulations, and contingent upon receipt of approval from the office of the governor of reimbursement for each abortion performed under the medical assistance program; for the state supplementary assistance program; for the health insurance premium payment program; and for maintenance of the healthy and well kids in Iowa (Hawki) program pursuant to chapter 514I, including supplemental dental services, for receipt of federal financial participation under Tit. XXI of the federal Social Security Act, which creates the children's health insurance program; and for other specified health-related programs:

..... \$ 1,903,550,706

1. Of the moneys appropriated in this section, \$1,837,804,073 is allocated for medical assistance program reimbursement and associated costs.

a. Of the moneys allocated in this subsection, \$3,383,880 shall be used for program administration, outreach, and enrollment activities of the state family planning services program pursuant to section 217.41B, and of this amount, the department may use \$200,000 for administrative expenses.

b. Of the moneys allocated in this subsection, \$3,050,000 shall be used to expand the capacity of intermittent community-based services that allow an individual to remain in the community and that provide support to the individual, including employment services, hourly supported community living services, respite services, and day habilitation services.

2. Iowans support reducing the number of abortions performed in our state. Moneys appropriated under this section shall not be used for abortions, unless otherwise authorized under this section.

3. The provisions of this section relating to abortions shall also apply to the Iowa health and wellness plan created pursuant to chapter 249N.

4. Of the moneys appropriated in this section, \$4,479,762 is allocated for the state supplementary assistance program.

5. Of the moneys appropriated in this section, \$61,266,871 is allocated for maintenance of the Hawki program pursuant to chapter 514I, including supplemental dental services, for

receipt of federal financial participation under Tit. XXI of the federal Social Security Act, which creates the children's health insurance program.

HEALTH PROGRAM OPERATIONS

Sec. 10. HEALTH PROGRAM OPERATIONS. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For health program operations, and the autism support program under section 225D.2, and for not more than the following full-time equivalent positions:

.....	\$ 39,672,433
.....	FTEs 82.00

1. The department of inspections, appeals, and licensing shall provide all state matching moneys for survey and certification activities performed by the department of inspections, appeals, and licensing. The department of health and human services shall be solely responsible for distributing the federal matching moneys for such activities.

2. Of the moneys appropriated in this section, a sufficient amount shall be allocated for the administration of the health insurance premium payment program, including salaries, support, maintenance, and miscellaneous purposes.

3. Of the moneys appropriated in this section, \$750,000 shall be allocated for a nonprofit organization that provides access to emergency poison information and treatment. Pursuant to the directive under 2014 Iowa Acts, chapter 1140, section 102, the federal matching moneys available to the nonprofit organization from the department under the federal Children's Health Insurance Program Reauthorization Act of 2009 shall be subject to the federal administrative cap rule of 10 percent applicable to moneys provided under Tit. XXI of the federal Social Security Act and shall be included in the department's calculations of the cap.

4. Unless otherwise provided by law, if a contract for services provided under this section initially entered into during the fiscal year beginning July 1, 2025, and ending

June 30, 2026, provides for an annual increase of the cost of services provided under the contract, the annual increase shall not exceed the amount by which the consumer price index for all urban consumers increased during the immediately preceding calendar year. This subsection shall not affect a contract entered into on or before June 30, 2025, that is for a term of more than one year.

HEALTH CARE ACCOUNTS AND FUNDS

Sec. 11. PHARMACEUTICAL SETTLEMENT ACCOUNT — DEPARTMENT OF HEALTH AND HUMAN SERVICES. There is appropriated from the pharmaceutical settlement account created in section 249A.33 to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

Notwithstanding any provision of law to the contrary, to supplement the appropriation made in this Act from the general fund of the state for health program operations under the medical assistance program for the same fiscal year:

..... \$ 234,193

Sec. 12. QUALITY ASSURANCE TRUST FUND — DEPARTMENT OF HEALTH AND HUMAN SERVICES. Notwithstanding any provision of law to the contrary, and subject to the availability of moneys, there is appropriated from the quality assurance trust fund created in section 249L.4 to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, for the purposes designated:

To supplement the appropriation made in this Act from the general fund of the state to the department of health and human services for medical assistance for the same fiscal year:

..... \$111,216,205

Sec. 13. HOSPITAL HEALTH CARE ACCESS TRUST FUND — DEPARTMENT OF HEALTH AND HUMAN SERVICES. Notwithstanding any provision of law to the contrary, and subject to the availability of moneys, there is appropriated from the hospital health care access trust fund created in section 249M.4 to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following

amount, or so much thereof as is necessary, for the purposes designated:

To supplement the appropriation made in this Act from the general fund of the state to the department of health and human services for medical assistance for the same fiscal year:  
..... \$ 33,920,554

SEX REASSIGNMENT SURGERIES OR ASSOCIATED PROCEDURES

Sec. 14. NEW SECTION. 249A.14 Sex reassignment surgeries or associated procedures — reimbursement prohibited.

1. Moneys appropriated from the general fund of the state to the department for the medical assistance program shall not be used for reimbursement for sex reassignment surgery or associated procedures, including hormone therapy or other medical interventions intended to alter primary or secondary sex characteristics related to an individual's gender dysphoria diagnosis.

2. This section shall not be construed to prohibit Medicaid program reimbursement for services not described under subsection 1 that are otherwise covered under the Medicaid program.

3. The department of health and human services shall adopt rules pursuant to chapter 17A to administer this section.

REIMBURSEMENT RATES

Sec. 15. REIMBURSEMENT RATES.

1. Reimbursement for medical assistance, state supplementary assistance, and social service providers and services reimbursed under the purview of the department of health and human services shall remain at the reimbursement rate in effect on June 30, 2025, or shall be determined pursuant to the reimbursement methodology in effect on June 30, 2025, with the exception of the following:

a. If reimbursement is otherwise negotiated by contract or pursuant to an updated fee schedule.

b. As otherwise provided in this section of this Act.

2. Of the moneys appropriated for medical assistance program reimbursement and associated costs as specifically provided in the reimbursement methodologies June 30, 2025, the following amounts, or so much thereof as is necessary, are allocated to the department of health and human services to be

used for the following purposes:

a. (1) Notwithstanding any provision of law to the contrary, for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the department of health and human services shall rebase case-mix nursing facility rates beginning July 1, 2025, using the Medicaid cost reports on file for the period ending December 31, 2024, to the extent possible within state funding, including no more than \$20,000,000 from the allocation provided for medical assistance program reimbursement and associated costs.

(2) The department of health and human services shall calculate each nursing facility's case-mix index for the period beginning July 1, 2024, using weighting based on the current patient-driven payment model schedule. Rosters shall be made to show a separate calculation to determine the average case-mix index for a nursing-facility-wide case-mix index, and a case-mix index for the residents of a nursing facility who are Medicaid recipients using all minimum data set reports by the nursing facility for the previous semiannual period using a day weighted calculation.

b. For the fiscal year beginning July 1, 2025, \$2,136,304 shall be used to increase to the extent possible reimbursement rates for dentists, excluding orthodontic services, compared to rates in effect on June 30, 2025.

c. For the fiscal year beginning July 1, 2025, \$420,000 shall be used to increase to the extent possible reimbursement rates for maternal health providers compared to the rates in effect on June 30, 2025.

d. For the fiscal year beginning July 1, 2025, \$100,000 shall be used to increase to the extent possible reimbursement rates for prosthetics compared to rates in effect on June 30, 2025.

3. For the fiscal year beginning July 1, 2025, reimbursement rates for home health agencies shall continue to be based on the Medicare low utilization payment adjustment (LUPA) methodology with state geographic wage adjustments, and shall be adjusted to increase the rates to the extent possible.

4. For the fiscal year beginning July 1, 2026, and for each fiscal year thereafter, the department shall review the

reimbursement rates for home health agencies and pharmacy dispensing fees.

5. On or before December 15, 2025, the department shall review the current rate limit calculation and application for special population nursing facility rates.

NURSING FACILITIES — MEDICAID REIMBURSEMENT METHODOLOGY  
PROPOSAL

Sec. 16. NURSING FACILITIES — MEDICAID REIMBURSEMENT  
METHODOLOGY PROPOSAL.

1. By April 1, 2026, the department of health and human services shall develop a reimbursement methodology proposal for reimbursement of nursing facilities under the Medicaid program that includes all of the following:

- a. A base-rate payment component.
- b. A quality assurance assessment pass-through component.
- c. A quality assurance add-on component, which includes a fixed fee payment and a quality-based payment.

2. The reimbursement methodology proposal shall include recommendations developed by the department of health and human services, in consultation with stakeholders including the Iowa health care association and leadingage Iowa, for specific metrics the department of health and human services will use to determine whether a nursing facility is eligible to receive all or a portion of the quality-based payment portion of the reimbursement to the nursing facility.

3. The total state expenditures for reimbursement of nursing facilities under the Medicaid program using the reimbursement methodology proposed in this section shall not exceed the amount appropriated for this purpose for the applicable fiscal year.

NURSING FACILITY BED FORECASTING FORMULA

Sec. 17. NURSING FACILITY BED FORECASTING FORMULA.

1. On or before July 1, 2026, the department of health and human services, in consultation with appropriate stakeholders, shall develop and implement a nursing bed facility forecasting formula utilizing the recommendations for improvement to the nursing facility bed need formula developed by the workgroup convened pursuant to 2023 Iowa Acts, chapter 158, section 11, to ensure the availability of sufficient nursing facility beds

to meet future demand for nursing facility beds.

2. The department of health and human services shall consider the forecasting formula developed and implemented under subsection 1 when completing the formal review of an application for a certificate of need under chapter 10A, subchapter VII, part 2.

#### PERSONAL NEEDS ALLOWANCE

Sec. 18. PERSONAL NEEDS ALLOWANCE. Of the moneys appropriated for the medical assistance program reimbursement and associated costs as specifically provided in the reimbursement methodologies in effect on June 30, 2025, \$330,513 shall be allocated to provide for the increased monthly personal needs allowance under section 249A.30A.

Sec. 19. Section 249A.30A, Code 2025, is amended to read as follows:

#### **249A.30A Medical assistance — personal needs allowance.**

1. The personal needs allowance under the medical assistance program, which may be retained by a person who is a resident of a nursing facility, an intermediate care facility for persons with an intellectual disability, or an intermediate care facility for persons with mental illness, as defined in section 135C.1, or a person who is a resident of a psychiatric medical institution for children as defined in section 135H.1, shall be ~~fifty~~ fifty-five dollars per month.

2. A resident who has income of less than ~~fifty~~ fifty-five dollars per month shall receive a supplement from the state in the amount necessary to receive a personal needs allowance of ~~fifty~~ fifty-five dollars per month. The general assembly shall annually appropriate a sufficient amount from the general fund of the state to the department of health and human services for this purpose.

#### DIVISION VII

#### FAMILY WELL-BEING AND PROTECTION — FY 2025-2026

#### STATE CHILD CARE ASSISTANCE

Sec. 20. STATE CHILD CARE ASSISTANCE. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes

designated:

For state child care assistance in accordance with sections 237A.13 and 237A.14, and for not more than the following full-time equivalent positions:

.....	\$ 34,983,000
.....	FTEs 53.00

1. If the appropriation made for purposes of the state child care assistance program for the fiscal year is determined to be insufficient, it is the intent of the general assembly to appropriate sufficient moneys for the fiscal year to avoid application of waiting list requirements.

2. A portion of the state match for the federal child care and development block grant shall be provided as necessary to meet federal matching moneys requirements through the state general fund appropriation made for child development grants and other programs for at-risk children in section 279.51.

EARLY INTERVENTION AND SUPPORTS

Sec. 21. EARLY INTERVENTION AND SUPPORTS. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For promoting optimum health status for children and adolescents from birth through 21 years of age, and for families, and for not more than the following full-time equivalent positions:

.....	\$ 35,301,904
.....	FTEs 29.00

1. Of the moneys appropriated in this section, not more than \$734,000 shall be used for the healthy opportunities for parents to experience success (HOPES)-healthy families Iowa (HFI) program established pursuant to section 135.106.

2. Of the moneys appropriated in this section, \$4,313,854 is allocated for the FaDSS grant program, and not more than 5 percent of the moneys shall be used for administration of the grant program.

3. Of the moneys appropriated in this section, \$29,256,799 shall be deposited in the early childhood Iowa fund created in

section 256I.11.

CHILD PROTECTIVE SERVICES

Sec. 22. CHILD PROTECTIVE SERVICES. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child, family, and adoption services, and for salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$165,558,031
.....	FTEs 977.00

1. Of the moneys appropriated in this section, \$1,717,000 is allocated specifically for expenditure for the fiscal year beginning July 1, 2025, through the decategorization services funding pools and decategorization governance boards established pursuant to section 232.188.

2. A portion of the moneys appropriated in this section may be used to provide other resources, based on client need, required to support family preservation, emergency client need, or family reunification efforts.

3. Of the moneys appropriated in this section, a sufficient amount is allocated for foster family care, group foster care maintenance and services, shelter care, child welfare emergency services, qualified residential treatment programs, supervised apartment living contracts, and for medical assistance program reimbursement and associated costs.

4. Federal moneys received by the state during the fiscal year beginning July 1, 2025, as the result of the expenditure of state moneys appropriated during a previous state fiscal year for a service or activity funded under this section, are appropriated to the department to be used as additional moneys for services and purposes provided for under this section. Notwithstanding section 8.33, moneys appropriated under this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for the purposes designated until the close of the succeeding fiscal year.

5. a. Of the moneys appropriated in this section, \$748,000 is allocated for the payment of the expenses of court-ordered services provided to children who are under the supervision of the department, which expenses are a charge upon the state pursuant to section 232.141, subsection 4.

b. Notwithstanding chapter 232 or any other provision of law to the contrary, a district or juvenile court shall not order any service which is a charge upon the state pursuant to section 232.141, subsection 4, if the moneys allocated under paragraph "a" for court-ordered services are insufficient to pay for the service.

6. Of the moneys appropriated in this section, \$1,658,000 shall be allocated for child protection centers located in Iowa pursuant to the child protection center grant program under section 135.118. The grant amounts under the program shall be equalized so that each center receives a uniform base amount of \$245,000, and the remaining moneys are awarded through a funding formula based upon the volume of children served by a center. To increase access to child protection center services for children in rural areas, the funding formula for awarding the remaining moneys shall provide for awarding an enhanced amount to eligible grantees to develop and maintain satellite centers in underserved regions of the state.

7. Of the moneys appropriated in this section, \$4,359,500 is allocated for the preparation for adult living program established pursuant to section 234.46.

8. Of the moneys appropriated in this section, up to \$227,000 shall be used for the public purpose of continuing a grant to a nonprofit human services organization that provides services to individuals and families in multiple locations in southwest Iowa and Nebraska, for support of a project providing immediate, sensitive support and forensic interviews, medical exams, needs assessments, and referrals for victims of child abuse and their nonoffending family members.

9. Of the moneys appropriated in this section, a portion may be used for family-centered services for purposes of complying with the federal Family First Prevention Services Act of 2018, Pub. L. No. 115-123, and successor legislation.

10. a. Of the moneys appropriated in this section,

\$39,823,955 is allocated for adoption subsidy payments and related costs.

b. Of the moneys allocated in this subsection, \$148,232 shall be used to increase the adoption subsidy pursuant to section 600.17 for a child adopted after July 1, 2025.

c. Any moneys remaining after the allocations under paragraphs "a" and "b" are designated and allocated as state savings resulting from implementation of the federal Fostering Connections to Success and Increasing Adoptions Act of 2008, Pub. L. No. 110-351, and successor legislation, as determined in accordance with 42 U.S.C. §673(a)(8), and shall be used for post-adoption services and for other purposes allowed under those federal laws, Tit. IV-B or Tit. IV-E of the federal Social Security Act.

11. Of the moneys appropriated in this section, a sufficient amount is allocated to support training needs for child welfare providers and to address disproportionality within the child welfare system.

12. Of the moneys appropriated in this section, \$308,765 shall be allocated to increase the foster care reimbursement rates pursuant to section 234.38, not to exceed the maximum reimbursement rate established in section 234.38.

13. If a separate funding source is available that reduces the need for state moneys within an allocation under this section, the allocated state moneys may be redistributed to other allocations under this section for the same fiscal year.

Sec. 23. REIMBURSEMENT RATES — CHILD PROTECTIVE SERVICES.

1. Of the moneys appropriated for child, family, and adoption services, the following amounts, or so much thereof as is necessary, are allocated to the department of health and human services for the following purposes:

a. For the fiscal year beginning July 1, 2025, \$3,245,594 shall be used to increase to the extent possible reimbursement rates for qualified residential treatment program providers compared to rates in effect June 30, 2025.

b. For the fiscal year beginning July 1, 2025, \$1,590,842 shall be used to increase to the extent possible reimbursement rates for shelter care providers compared to rates in effect June 30, 2025.

2. The department of health and human services, in consultation with qualified residential treatment program providers, shelter care providers, and representatives of juvenile court services, shall develop a reimbursement methodology for the fiscal year beginning July 1, 2026, for reimbursement of qualified residential treatment program providers and shelter care providers to improve service quality and provide the appropriate level of care for a child.

DIVISION VIII

STATE-OPERATED SPECIALTY CARE — FY 2025-2026

Sec. 24. STATE-OPERATED SPECIALTY CARE. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes at institutions under the jurisdiction of the department of health and human services, and for not more than the following full-time equivalent positions:

.....	\$102,343,507
.....	FTEs 756.00

1. The department shall utilize the moneys appropriated in this section as necessary to maximize bed capacity and to most effectively meet the needs of the individuals served.

2. Of the moneys appropriated in this section, the following amounts are allocated to each institution as follows:

- a. For the state mental health institute at Cherokee:  
..... \$ 20,529,101
- b. For the state mental health institute at Independence:  
..... \$ 24,851,083
- c. For the civil commitment unit for sexual offenders at Cherokee:  
..... \$ 20,461,284
- d. For the state resource center at Woodward:  
..... \$ 14,433,872
- e. For the state resource center at Glenwood:  
..... \$ 1,590,130
- f. For the state training school at Eldora:

..... \$ 20,478,037

DIVISION IX

ADMINISTRATION AND COMPLIANCE — FY 2025-2026

Sec. 25. ACCOUNTABILITY, COMPLIANCE, AND PROGRAM

INTEGRITY. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For accountability, compliance, and program integrity, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 21,904,214  
..... FTEs 409.00

1. Of the moneys appropriated in this section, \$200,000 shall be transferred to and deposited in the Iowa ABLE savings plan trust administrative fund created in section 12I.4, to be used for implementation and administration activities of the Iowa ABLE savings plan trust.

2. Of the moneys appropriated in this section, \$2,602,312 shall be allocated for foster care review and the court appointed special advocate program, including for salaries, support, maintenance, and miscellaneous purposes.

3. Of the moneys appropriated in this section, \$1,148,959 shall be allocated for the office of long-term care ombudsman for salaries, support, administration, maintenance, and miscellaneous purposes.

DIVISION X

DEPARTMENT OF HEALTH AND HUMAN SERVICES TRANSFERS, CASH FLOW, AND NONREVERSIONS — FY 2025-2026

Sec. 26. DEPARTMENT OF HEALTH AND HUMAN SERVICES TRANSFERS AND CASH FLOW.

1. Notwithstanding any provision of law to the contrary, the department of health and human services may transfer moneys appropriated in this Act to support continuing alignment efforts, to maximize federal support in accordance with the department's federal costs allocation plan, and for resources necessary to implement and administer the services for which

moneys are appropriated. The department shall report any transfers made pursuant to this subsection to the general assembly.

2. If, due to ongoing cost management efforts, the appropriations under this Act for the Medicaid program exceed the associated costs for the Medicaid program for the fiscal year, the department may transfer any savings to the appropriations made in this Act for health program operations, or for accountability, compliance, and program integrity, to defray the costs associated with ongoing cost management efforts.

3. Notwithstanding any provision of law to the contrary, the department may transfer moneys appropriated under this Act for child protective services to pay the nonfederal share costs of services reimbursed under the medical assistance program, state child care assistance program, or the family investment program which are provided to children who would otherwise receive services paid by the appropriation for child protective services.

4. The department may transfer moneys from the temporary assistance for needy families block grant to the federal social services block grant appropriation, and to the child care and development block grant appropriation, in accordance with federal law.

5. To the extent the department determines that moneys appropriated under this Act, or allocated for a specific purpose under this Act, will remain unencumbered or unobligated at the close of the fiscal year, such unencumbered or unobligated moneys may be used in the same fiscal year for any other purpose for which the appropriated moneys may be used, or for any other allocation within the same appropriation.

Sec. 27. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
NONREVERSIONS.

1. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state and the temporary assistance for needy families block grant to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the purposes of the FaDSS grant program that remain unencumbered or unobligated at the

close of the fiscal year shall not revert, but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

2. Notwithstanding section 8.33, of the moneys appropriated under this Act from the general fund of the state, the quality assurance trust fund, and the hospital health care access trust fund to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the purposes of the medical assistance program, the amount in excess of actual expenditures for the medical assistance program that remains unencumbered or unobligated at the close of the fiscal year shall not revert, but shall remain available for expenditure for the medical assistance program until the close of the succeeding fiscal year.

3. Notwithstanding section 8.33, and notwithstanding the nonreversion amount limitation specified for state resource centers in section 222.92, subsection 4, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the purposes of state-operated specialty care that remain unencumbered or unobligated at the close of the fiscal year shall not revert, but shall remain available for expenditure for the purposes designated for subsequent fiscal years.

4. Notwithstanding section 8.33, moneys appropriated in this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the Iowa commission on volunteer service for programs and grants that remain unencumbered or unobligated at the close of the fiscal year shall not revert, but shall remain available for expenditure for the purposes designated for subsequent fiscal years.

5. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, and allocated for rural psychiatric residencies that remain unencumbered or unobligated at the close of the fiscal year shall not revert, but shall remain available for expenditure for the purposes designated

until the close of the succeeding fiscal year.

6. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, and allocated for adoption subsidy payments and related costs, or for post-adoption services and related allowable purposes, that remain unencumbered or unobligated at the close of the fiscal year shall not revert, but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

7. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, and allocated for child protective services that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

#### DIVISION XI

#### DEPARTMENT OF HEALTH AND HUMAN SERVICES PRIOR APPROPRIATIONS AND OTHER PROVISIONS

#### THRIVE IOWA PROGRAM CLOSED-LOOP REFERRAL SYSTEM

Sec. 28. 2024 Iowa Acts, chapter 1157, section 21, subsection 6, is amended to read as follows:

6. To the extent the department determines that moneys appropriated under this 2024 Iowa Act will remain unencumbered or unobligated at the close of the fiscal year or that services will not be impacted, the department may utilize up to \$3,000,000 of such unencumbered or unobligated moneys appropriated to develop and support the thrive Iowa program, a closed-loop referral system utilizing a navigator model, that acts as the connection point to link Iowans on an individualized path to prosperity and self-sufficiency to available resources in all sectors of the community. Notwithstanding section 8.33, any moneys utilized for this purpose shall not revert but shall remain available for expenditure for the purposes designated.

#### COMMUNITY ACCESS AND ELIGIBILITY

Sec. 29. 2024 Iowa Acts, chapter 1157, section 22, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Notwithstanding section 8.33, moneys appropriated under this 2024 Iowa Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2024, and ending June 30, 2025, for community access and eligibility that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated, or are appropriated to the department for any purpose described in this division of this Act or to be used as necessary to enhance the department's accountability, compliance, program integrity, and efficiency, until the close of the succeeding fiscal year.

MORE OPTIONS FOR MATERNAL SUPPORT PROGRAM

Sec. 30. 2024 Iowa Acts, chapter 1157, section 22, is amended by adding the following new subsection:

NEW SUBSECTION. 8. Notwithstanding section 8.33, moneys appropriated under this 2024 Iowa Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2024, and ending June 30, 2025, for the more options for maternal support program that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

CHILD PROTECTIVE SERVICES

Sec. 31. 2024 Iowa Acts, chapter 1157, section 22, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Notwithstanding section 8.33, moneys appropriated under this 2024 Iowa Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2024, and ending June 30, 2025, for child protective services that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 32. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 33. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to July 1, 2024.

DIVISION XII

BEER AND LIQUOR CONTROL FUND — BEHAVIORAL HEALTH FUND

Sec. 34. 2024 Iowa Acts, chapter 1157, is amended by adding the following new section:

NEW SECTION. SEC. 4A. IN LIEU OF STANDING APPROPRIATION. The moneys appropriated and allocated in this division of this Act for purposes of treatment and prevention of substance use and misuse and addictive behaviors are in lieu of the standing appropriation to the department of health and human services pursuant to section 123.17, subsection 5, for the fiscal year beginning July 1, 2024.

Sec. 35. 2024 Iowa Acts, chapter 1161, section 14, is amended by striking the section and inserting in lieu thereof the following:

SEC. 14. Section 123.17, subsection 5, Code 2024, is amended to read as follows:

5. After any transfer provided for in subsection 3 is made, the department shall transfer into a special revenue account in the general fund of the state, a sum of money at least equal to seven percent of the gross amount of sales made by the department from the beer and liquor control fund on a monthly basis but not less than nine million dollars annually. Of the amounts transferred, ~~two~~ one million dollars, ~~plus an additional amount determined by the general assembly, shall be appropriated to the department of health and human services for use by the staff who administer the comprehensive substance use disorder program under chapter 125 for substance use disorder treatment and prevention programs~~ shall be transferred to the behavioral health fund established under section 225A.7. Any amounts received in excess of the amounts ~~appropriated to the department of health and human services for use by the staff who administer the comprehensive substance use disorder program under chapter 125~~ transferred to the behavioral health fund shall be considered part of the general fund balance.

Sec. 36. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 37. RETROACTIVE APPLICABILITY. This division of this

Act applies retroactively to July 1, 2024.

DIVISION XIII

REPORT ON NONREVERSION OF MONEYS

Sec. 38. REPORT ON NONREVERSION OF MONEYS. The department of health and human services shall report the expenditure of any moneys for which nonreversion authorization was provided for the fiscal year beginning July 1, 2024, and ending June 30, 2025, to the general assembly on a quarterly basis beginning October 1, 2025.

DIVISION XIV

EMERGENCY RULES

Sec. 39. EMERGENCY RULES.

1. If necessary to comply with federal requirements, including time frames, the department of health and human services shall adopt administrative rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the applicable provisions of this Act. The rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

2. If the department of health and human services adopts emergency rules in accordance with this section, or as otherwise directed or authorized by state law, and the rules will result in an increase in expenditures beyond the amount anticipated in the budget for the fiscal year, or if the expenditures were not addressed in the budget for the fiscal year, the department shall notify the general assembly and the department of management concerning the rules and the increase in expenditures. The notification shall be provided at least thirty calendar days prior to the date notice of the rules is submitted to the administrative rules coordinator and the administrative code editor.

DIVISION XV

HOSPITAL DIRECTED PAYMENT PROGRAM

Sec. 40. NEW SECTION. 2490.1 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "*Centers for Medicare and Medicaid services*" means the

centers for Medicare and Medicaid services of the United States department of health and human services.

2. "*Department*" means the department of health and human services.

3. "*Hospital*" means a nonstate-owned hospital licensed by the state.

4. "*Hospital directed payment program*" means a program that provides a state directed payment to a hospital for inpatient and outpatient hospital services.

5. "*State directed payment*" means the same as defined in 42 C.F.R. §438.2.

Sec. 41. NEW SECTION. 2490.2 Hospital directed payment program.

1. Prior to the department administering a hospital directed payment program under this chapter for any specific fiscal year, the department shall submit any authorizing documentation necessary to the centers for Medicare and Medicaid services for approval. Upon receipt of approval from the centers for Medicare and Medicaid services, the department shall administer the hospital directed payment program during the specified fiscal year.

2. *a.* For the sole purpose of the hospital directed payment program, the department may impose an assessment on a hospital. The total amount of assessments collected by the department shall not exceed the amount necessary to fully fund the nonfederal share of the maximum state directed payment allowed under federal regulations.

*b.* The department shall establish requirements for timely payment of an assessment, and any penalties for late payment or nonpayment of an assessment. Any assessment imposed under this section shall constitute a debt due the state and may be collected by civil action under any method provided by law.

*c.* The department and a third-party administrator contracted with the department may collectively assess and collect an administrative fee of no more than four percent of the amount of each assessment imposed.

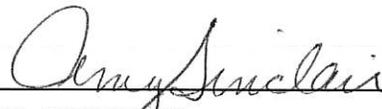
3. Any assessments and penalties collected under this section shall be used for the purposes of the hospital directed payment program.

4. a. The hospital directed payment program shall not be administered, an assessment shall not be imposed, and a hospital shall not be required to pay an assessment if federal financial participation is not available, or if the hospital directed payment program and imposition of an assessment are not approved by the centers for Medicare and Medicaid services.

b. If federal law or policy significantly impacts the hospital directed payment program as determined by the department, the department, in collaboration with stakeholders, may terminate the hospital directed payment program.

5. The department shall adopt rules pursuant to chapter 17A as necessary to administer this chapter.

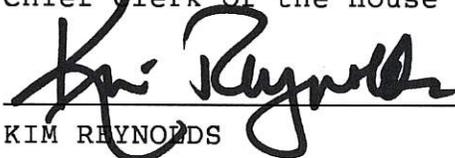
  
\_\_\_\_\_  
PAT GRASSLEY  
Speaker of the House

  
\_\_\_\_\_  
AMY SINCLAIR  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 1049, Ninety-first General Assembly.

  
\_\_\_\_\_  
MEGHAN NELSON  
Chief Clerk of the House

Approved  , 2025

  
\_\_\_\_\_  
KIM REYNOLDS  
Governor