

House File 2738 - Introduced

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A BILL FOR

1 An Act establishing a state-based health insurance subsidy, and
2 making an appropriation.

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

unofficial

1 Section 1. NEW SECTION. **135.196 Iowa benefit exchange fund**
2 **— enhanced premium credits — appropriation.**

3 1. As used in this section, "*enhanced premium tax credit*"
4 means the advanced premium tax credit under 26 U.S.C. §36B(3)(A).

5 2. The department and the department of insurance and
6 financial services shall cooperate and develop an internet
7 site to be located on the internet site of the department to
8 effectuate this section.

9 3. An Iowa benefit exchange fund is created in the state
10 treasury under the control of the department. Moneys in the fund
11 are to be used for the sole purpose of providing subsidies to
12 persons whose applications have been approved pursuant to this
13 section. Moneys in the fund are not subject to section 8.33.
14 Notwithstanding section 12C.7, subsection 2, interest or earnings
15 on moneys in the fund shall be credited to the fund.

16 4. The purpose of the fund is to provide funding for the
17 establishment of a state-based health insurance subsidy to
18 mitigate the impact of the reduction in the enhanced federal
19 advanced premium tax credits after the 2025 tax year.

20 5. For the fiscal year beginning July 1, 2026, and ending
21 June 30, 2027, there is appropriated from the general fund of
22 the state to the department to be credited to the Iowa benefit
23 exchange fund, an amount sufficient to implement this section
24 until such time that the enhanced federal advanced premium tax
25 credits are restored to a level equaling or exceeding the amount
26 of the enhanced premium tax credit available to persons during
27 the 2025 tax year.

28 6. Beginning July 1, 2026, in order to qualify for a subsidy
29 to mitigate the impact of the reduction in enhanced federal
30 advanced premium tax credits, a person who is a resident may
31 submit an application to the department in a manner specified
32 by the department. The application shall include identical
33 information submitted by a person as if applying for health
34 insurance coverage under the federal Patient Protection and
35 Affordable Care Act, Pub. L. No. 111-148, including personal

1 information, household income, immigration status, and any
2 current or available health insurance coverage.

3 7. a. For the tax year beginning on or after January 1,
4 2026, but before January 1, 2027, and upon approval of the
5 application by the department, an amount equal to the enhanced
6 premium tax credit the person would have received as if the
7 enhanced premium tax credit did not expire shall be provided to
8 the person to offset the cost of the health insurance coverage.

9 b. The amount provided shall be based upon the calculation
10 for the enhanced premium tax credits during the 2025 tax year.

11 c. The amount provided may be retroactive to January 1, 2026,
12 if the person qualified for such credits, or to the date the
13 person would have qualified for enhanced premium tax credits in
14 2026, whichever is earlier.

15 8. The department shall adopt rules pursuant to chapter 17A
16 to administer this section.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill establishes a state-based health insurance subsidy
21 to mitigate the impact of the reduction in federal health
22 insurance subsidies.

23 The federal enhanced premium tax credit under 26
24 U.S.C. §36B(3)(A) (federal credit) expired on January 1, 2026.
25 The federal credit was an expansion of the subsidies provided
26 under the federal Patient Protection and Affordable Care Act,
27 also known as the ACA.

28 For the 2026 tax year only, the bill replaces the expired
29 federal credit with a state subsidy of equal value as the federal
30 credit calculated during the 2025 tax year.

31 The bill requires the department of health and human services
32 (department) and the department of insurance and financial
33 services to cooperate and develop an internet site to be located
34 on the internet site of the department to effectuate the bill.

35 Beginning July 1, 2026, a person who is a resident of this

1 state may submit an application to the department in a manner
2 specified by the department. The application shall include
3 identical information submitted by a person as if applying for
4 health insurance coverage under the federal Patient Protection
5 and Affordable Care Act, Pub. L. No. 111-148.

6 Upon approval of the application by the department, an amount
7 equal to the enhanced premium tax credit the person would have
8 received as if the enhanced premium tax credit did not expire
9 shall be provided to the person to offset the cost of the health
10 insurance coverage. The amount provided may be retroactive to
11 January 1, 2026, if the person qualified for such credits, or to
12 the date the person would have qualified for enhanced premium tax
13 credits in tax year 2026, whichever is earlier.

14 The bill creates an Iowa benefit exchange fund (fund) in the
15 state treasury under the control of the department for the sole
16 purpose of providing subsidies to persons whose applications have
17 been approved pursuant to the bill.

18 For FY 2026-2027, the bill appropriates from the general fund
19 of the state an amount sufficient to implement the bill.