

**House File 2738 - Introduced**

HOUSE FILE 2738

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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:

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.  
5 §36B(3)(A).

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

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

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

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

29 6. Beginning July 1, 2026, in order to qualify for a subsidy  
30 to mitigate the impact of the reduction in enhanced federal  
31 advanced premium tax credits, a person who is a resident may  
32 submit an application to the department in a manner specified  
33 by the department. The application shall include identical  
34 information submitted by a person as if applying for health  
35 insurance coverage under the federal Patient Protection and

1 Affordable Care Act, Pub. L. No. 111-148, including personal  
2 information, household income, immigration status, and any  
3 current or available health insurance coverage.

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

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

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

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

18 EXPLANATION

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

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

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

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

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

1 the bill.

2 Beginning July 1, 2026, a person who is a resident of this  
3 state may submit an application to the department in a manner  
4 specified by the department. The application shall include  
5 identical information submitted by a person as if applying for  
6 health insurance coverage under the federal Patient Protection  
7 and Affordable Care Act, Pub. L. No. 111-148.

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

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

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