

House File 2716 - Reprinted

HOUSE FILE 2716
BY COMMITTEE ON HEALTH AND HUMAN
SERVICES

(SUCCESSOR TO HSB 696)

(As Amended and Passed by the House March 10, 2026)

A BILL FOR

1 An Act relating to the supplemental nutrition assistance program;
2 the medical assistance program; the special supplemental
3 nutrition program for women, infants, and children; and other
4 public assistance programs under the purview of the department
5 of health and human services.

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

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DIVISION I

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Section 1. NEW SECTION. **135.16E Supplemental nutrition assistance program error rate — report.**

Beginning with the fiscal quarter that starts on October 1, 2026, and every fiscal quarter thereafter, within thirty calendar days of transmission of data to the food and nutrition services of the United States department of agriculture, the department shall submit a report to the general assembly detailing payment error rates associated with the supplemental nutrition assistance program for the immediately preceding fiscal quarter. For the purposes of this section, "supplemental nutrition assistance program" has the same meaning as defined in section 239.1.

Sec. 2. FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM — WAIVER OF EARNED INCOME RULES.

1. The department of health and human services shall request a waiver from the food and nutrition services of the United States department of agriculture to provide that, for purposes of state administration of the supplemental nutrition assistance program, the earned income under 7 C.F.R. §273.9(c)(7) of household members that meet all of the following criteria shall be excluded from household income:

- a. Less than twenty-two years of age.
- b. Enrolled in an elementary or secondary school.
- c. Resides with a natural parent, adoptive parent, stepparent, or other household member who exercises parental control over the household member described in paragraphs "a" and "b".

2. The department of health and human services shall implement the waiver upon receipt of approval of the waiver from the United States department of agriculture.

Sec. 3. FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM — WAIVER OF ELIGIBILITY VERIFICATION RULES.

1. The department of health and human services shall request a waiver from the food and nutrition services of the United

1 States department of agriculture to provide that, for purposes
2 of state administration of the supplemental nutrition assistance
3 program, information from the following automated sources be
4 considered verified upon receipt for purposes
5 of 7 C.F.R. §272.12(c):

6 a. The national directory of new hires maintained by the
7 office of child support services of the United States office for
8 the administration of children and families.

9 b. The unemployment insurance benefits data released by the
10 Iowa department of workforce development.

11 c. The United States social security administration benefits,
12 death, social security number, and citizenship records.

13 d. The residency and identity data released by the United
14 States department of transportation.

15 e. The state incarceration data released by the Iowa
16 department of corrections.

17 f. The automated employment verification service known as
18 work number, or equivalent third-party income verification
19 platforms.

20 2. The department of health and human services shall
21 implement the waiver upon receipt of approval of the waiver from
22 the United States department of agriculture.

23 Sec. 4. FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM —
24 WAIVER OF EXPUNGEMENT RULES.

25 1. The department of health and human services shall request
26 a waiver from the food and nutrition services of the United
27 States department of agriculture to provide that, for purposes
28 of state administration of the supplemental nutrition assistance
29 program, expungement of benefits on a household's electronic
30 benefit account under 7 C.F.R. §274.2(i) be permitted after
31 three months or ninety-one days of inactivity, or of benefits
32 remaining, on the electronic benefit account.

33 2. The department of health and human services shall
34 implement the waiver upon receipt of approval of the waiver from
35 the United States department of agriculture.

1 Sec. 5. FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM —
2 WAIVER OF PAYMENT QUALITY CONTROL SAMPLING PROCEDURES.

3 1. The department of health and human services shall request
4 a waiver from the food and nutrition services of the United
5 States department of agriculture to provide that, for purposes
6 of state administration of the supplemental nutrition assistance
7 program, when reporting the state's payment error rate as
8 outlined by 7 C.F.R. §275.14, and food and nutrition services
9 handbooks 310 and 311, the department of health and human
10 services be permitted to report the payment error rate based only
11 on errors directly attributable to the department.

12 2. The department of health and human services shall
13 implement the waiver upon receipt of approval of the waiver from
14 the United States department of agriculture.

15 DIVISION II

16 MEDICAL ASSISTANCE PROGRAM

17 Sec. 6. Section 249A.3, subsection 2, paragraph a,
18 subparagraph (1), Code 2026, is amended to read as follows:

19 (1) (a) As allowed under 42 U.S.C.
20 §1396a(a)(10)(A)(ii)(XIII), individuals with disabilities, who
21 are less than sixty-five years of age, who are members of
22 families whose income is less than ~~two hundred fifty three~~
23 hundred percent of the most recently revised official poverty
24 guidelines published by the United States department of health
25 and human services for the family, who have earned income and who
26 are eligible for mandatory medical assistance or optional medical
27 assistance under this section if earnings are disregarded.

28 (b) As allowed by 42 U.S.C. §1396a(r)(2), unearned income
29 shall also be disregarded in determining whether an individual is
30 eligible for assistance under this subparagraph.

31 (c) For the purposes of determining the amount of an
32 individual's resources under this subparagraph and as allowed
33 by 42 U.S.C. §1396a(r)(2), a maximum of ten thousand dollars of
34 available resources for an individual, and twenty-one thousand
35 dollars of available resources for a couple as defined in 20

1 C.F.R. §416.1101, shall be disregarded. The earned income of an
 2 individual's spouse as defined in 20 C.F.R. §416.1101, one motor
 3 vehicle per household, and any additional resources held in a
 4 retirement account, in a pension account, in a medical savings
 5 account, or in any other account approved under rules adopted by
 6 the department shall also be disregarded.

7 ~~(b)~~(d) Individuals eligible for assistance under this
 8 subparagraph, whose individual income exceeds one hundred fifty
 9 percent of the official poverty guidelines published by the
 10 United States department of health and human services for an
 11 individual, shall pay a premium. The amount of the premium
 12 shall be based on a sliding fee schedule adopted by rule
 13 of the department and shall be based on a percentage of
 14 the individual's income. ~~The maximum premium payable by an~~
 15 ~~individual whose income exceeds one hundred fifty percent of the~~
 16 ~~official poverty guidelines shall be commensurate with the cost~~
 17 ~~of state employees' group health insurance in this state. The~~
 18 ~~payment to and acceptance by an automated case management system~~
 19 ~~or the department of the premium required under this subparagraph~~
 20 ~~shall not automatically confer initial or continuing program~~
 21 ~~eligibility on an individual. The department shall maintain~~
 22 a page on the department's internet site where individuals can
 23 electronically pay any premium owed by an individual to the
 24 department. A premium paid to and accepted by the department's
 25 premium payment process that is subsequently determined to be
 26 untimely or to have been paid on behalf of an individual
 27 ineligible for the program shall be refunded to the remitter
 28 in accordance with rules adopted by the department. Any unpaid
 29 premium shall be a debt owed to the department.

30 Sec. 7. Section 249A.4, Code 2026, is amended by adding the
 31 following new subsections:

32 NEW SUBSECTION. 15. Submit a report to the general assembly,
 33 including the official payment error rate and a summary of the
 34 data submitted in the payment error rate measurement report,
 35 within thirty calendar days of receipt by the department of the

1 annual official payment error rate from the centers for Medicare
2 and Medicaid services of the United States department of health
3 and human services.

4 NEW SUBSECTION. 16. Submit an annual report to the general
5 assembly on or before October 1 on petitions for a waiver, also
6 referred to by the department as exceptions to policy, of rules
7 governing the Medicaid program filed pursuant to the rules of the
8 department. The report must include all the following for the
9 immediately preceding fiscal year:

10 a. The total number of exceptions to policy granted.

11 b. The cumulative cost of the exceptions to policy that were
12 granted.

13 c. The types of exceptions to policy that were granted.

14 d. Identifiable trends noted by the department including any
15 of the following:

16 (1) The number of exceptions to policy granted in a
17 particular geographic location.

18 (2) The types of Medicaid services that were the basis for
19 exceptions to policy.

20 (3) The Medicaid program eligibility classification of
21 individuals granted Medicaid program exceptions to policy.

22 Sec. 8. NEW SECTION. **249A.32C Home and community-based**
23 **service waivers — rural provider rate increase.**

24 1. For the purposes of this section, unless context otherwise
25 requires:

26 a. "Consumer" means the same as defined in section 249A.29.

27 b. "Rural area" means a geographical area that is not part
28 of a metropolitan statistical area as designated by the United
29 States office of management and budget.

30 c. "Waiver" means the same as defined in section 249A.29.

31 2. The base reimbursement rate for a provider of services
32 under a medical assistance program home and community-based
33 services waiver shall be increased to cover the travel time
34 and expenses incurred by the provider to provide services to a
35 consumer who resides in a rural area.

1 Sec. 9. NEW SECTION. **249A.32D Waivers — cost neutrality.**

2 1. As used in this section, "cost neutral" means federal
3 approval of a waiver related to the medical assistance program
4 submitted by the department to the federal government will not
5 result in a net increase in spending for state administration of
6 the medical assistance program.

7 2. Prior to submitting a request for a waiver to the United
8 States department of health and human services related to the
9 medical assistance program, the department shall conduct an
10 analysis to determine if the waiver is cost neutral. For any
11 waiver that is determined to be not cost neutral, the department
12 shall not submit the request for a waiver unless the waiver has
13 been presented to the general assembly and approved by a majority
14 vote of both houses of the general assembly.

15 Sec. 10. MEDICAID EXCEPTIONS TO POLICY REVIEW — REPORT TO
16 GENERAL ASSEMBLY. The department of health and human services
17 shall conduct a review of petitions for a waiver, also referred
18 to by the department as exceptions to policy, of rules governing
19 the Medicaid program granted by the department between January 1,
20 2020, and January 1, 2026, and shall submit a report on or before
21 December 15, 2026, of the findings of the review. The report
22 shall include all of the following:

- 23 1. The total number of exceptions to policy granted.
24 2. The cumulative cost of the exceptions to policy that were
25 granted.
26 3. The types of exceptions to policy that were granted.
27 4. Identifiable trends noted by the department including any
28 of the following:
29 a. The number of exceptions to policy granted in a particular
30 geographic location.
31 b. The types of Medicaid services that were the basis for the
32 waiver.
33 c. The Medicaid program classification of individuals granted
34 exception to policy.

35 Sec. 11. CONTINGENT EFFECTIVE DATE. The following takes

1 effect contingent upon receipt of federal approval by the
2 department of health and human services from the centers for
3 Medicare and Medicaid services of the United States department of
4 health and human services:

5 The section of this division of this Act amending section
6 249A.3, subsection 2, paragraph "a", subparagraph (1), Code 2026,
7 relating to Medicaid eligibility for employed individuals with
8 disabilities.

9 DIVISION III

10 ELIGIBILITY FOR CERTAIN PROGRAMS

11 Sec. 12. NEW SECTION. **234.6A Program eligibility —**
12 **residency.**

13 1. As used in this section, "public assistance program" means
14 any of the following:

15 a. The state child care assistance program under section
16 237A.13.

17 b. The family investment program under chapter 239B.

18 c. The medical assistance program under chapter 249A.

19 d. The supplemental nutrition assistance program administered
20 by the state pursuant to 7 C.F.R. pts. 270 - 283, as amended.

21 e. The special supplemental nutrition program for women,
22 infants, and children as provided in 42 U.S.C. §1786 et seq.

23 2. a. Unless prohibited under federal law, the department
24 may require from an applicant to a public assistance program
25 proof of at least twelve months of continuous residency within
26 the state including any of the following:

27 (1) A statement from the applicant attesting to the
28 applicant's reasons for being in the state and length of
29 residency within the state.

30 (2) A statement from the applicant's employer confirming the
31 applicant's employment in the state.

32 (3) Any other statement from other persons with knowledge who
33 can attest to the applicant's reasons for being in the state and
34 length of residency within the state.

35 (4) A copy of the applicant's most recently filed Iowa state

1 income tax return.

2 b. Paragraph "a" shall not apply to applicants who receive
3 benefits under the federal Social Security Act, 42 U.S.C. §423 et
4 seq.

5 Sec. 13. Section 239.6, subsection 1, paragraph a,
6 subparagraph (4), Code 2026, is amended to read as follows:

7 (4) Information maintained by the United States citizenship
8 and immigration services of the United States department of
9 homeland security, including but not limited to information
10 accessible through the systematic alien verification for
11 entitlements online service.

12 Sec. 14. Section 239.6, subsection 2, Code 2026, is amended
13 by adding the following new paragraph:

14 NEW PARAGRAPH. g. The systematic alien verification for
15 entitlements online service maintained by the United States
16 citizenship and immigration services of the United States
17 department of homeland security or other accessible sources to
18 verify immigration and United States citizenship information.

19 DIVISION IV

20 MISCELLANEOUS PUBLIC ASSISTANCE PROGRAMS

21 Sec. 15. NEW SECTION. **135.16E Special supplemental**
22 **nutrition program for women, infants, and children — citizens**
23 **and qualified aliens.**

24 1. The department shall restrict participation in the special
25 supplemental nutrition program for women, infants, and children
26 to citizens and qualified aliens pursuant to section 742
27 of the federal Personal Responsibility and Work Opportunity
28 Reconciliation Act of 1996, Pub. L. No. 104-193.

29 2. An infant or child who is a citizen or qualified alien and
30 who is otherwise eligible for the special supplemental nutrition
31 program for women, infants, and children shall be eligible
32 regardless of whether the infant's or child's parent is a citizen
33 or qualified alien.

34 Sec. 16. Section 249N.6, subsection 5, Code 2026, is amended
35 by adding the following new paragraph:

1 NEW PARAGRAPH. c. Notwithstanding any other provision of law
2 to the contrary, an Iowa health and wellness plan provider may
3 impose a fee of no more than five dollars on a member based on
4 the member's failure to attend a scheduled appointment with the
5 provider.

6 Sec. 17. Section 249N.7, subsection 1, Code 2026, is amended
7 to read as follows:

8 1. Membership in the Iowa health and wellness plan shall
9 require payment of monthly contributions for members whose
10 household income is at or above fifty one hundred percent
11 of the federal poverty level. Members shall be subject
12 to an eight dollar copayment amounts ~~applicable only to~~
13 for nonemergency use of a hospital emergency department.
14 Total member cost-sharing, annually, shall align with the
15 cost-sharing limitations requirements for the American health
16 benefits exchanges under the Affordable Care Act, as amended
17 by Pub. L. No. 119-21, commonly referred to as the One Big
18 Beautiful Bill Act. ~~Contributions~~ Monthly contributions and
19 copayment amounts for members shall be established by rule of the
20 department.

21 Sec. 18. Section 249N.7, Code 2026, is amended by adding the
22 following new subsections:

23 NEW SUBSECTION. 3. Notwithstanding subsection 1, a member
24 who fails to complete all required preventative care services and
25 wellness activities specified during the prior annual membership
26 period shall be subject to a monthly five dollar fee during the
27 subsequent year of membership.

28 NEW SUBSECTION. 4. Notwithstanding subsection 1, a member
29 whose household income is at or above one hundred percent of the
30 federal poverty level shall be subject to the following copay
31 amounts:

32 a. A five dollar copay for a diagnostic dental procedure.
33 As used in this paragraph, "*diagnostic dental procedure*" means a
34 dental procedure that is not performed for preventative purposes.

35 b. A one dollar copay for a prescription drug when a suitable

1 generic equivalent drug approved by the United States food and
2 drug administration is available to the member.

3 Sec. 19. 2023 Iowa Acts, chapter 104, section 12, subsection
4 3, is amended to read as follows:

5 3. Unless otherwise provided in this Act, the department of
6 health and human services shall implement the provisions of this
7 Act in an incremental fashion, beginning July 1, 2023, with a
8 ~~goal of full implementation no later than July 1, 2025~~ completed
9 by January 1, 2027, to minimize duplication of efforts and to
10 maximize coordination with the implementation time frames of
11 other departmental resource enhancements.

12 Sec. 20. IOWA HEALTH AND WELLNESS PLAN — MEMBER
13 REENROLLMENT FOLLOWING TERMINATION FOR NONPAYMENT OF MONTHLY
14 CONTRIBUTIONS. The department of human services shall seek
15 approval of an amendment to the section 1115 demonstration waiver
16 for the Iowa health and wellness plan from the centers for
17 Medicare and Medicaid services of the United States department of
18 health and human services to provide the following:

19 1. An Iowa health and wellness plan member who is subject
20 to payment of a monthly contribution as the result of failure
21 to complete required preventative care services and wellness
22 activities, and whose eligibility for the program is terminated
23 due to nonpayment of monthly contributions, shall be allowed to
24 subsequently reenroll in the program without first paying any
25 outstanding monthly contributions, if the member has not been
26 terminated from the program previously for nonpayment of monthly
27 contributions.

28 2. If an Iowa health and wellness plan member has been
29 terminated from the program previously for nonpayment of monthly
30 contributions, and is subsequently terminated from the program
31 for nonpayment of monthly contributions owed as a result of
32 failure to complete required preventative care services and
33 wellness activities, the member shall be subject to payment of
34 any outstanding monthly contributions prior to reenrollment in
35 the program.

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DIVISION V

PUBLIC ASSISTANCE FRAUD — REPORT

Sec. 21. NEW SECTION. **10A.404 Fraud in public assistance — report.**

On or before October 1, 2026, and every fiscal year thereafter, the department shall submit a report to the general assembly concerning the department's activities relative to fraud in public assistance programs for the immediately preceding fiscal year. The report shall include but is not limited to a summary of the number of cases investigated, case outcomes, overpayment dollars identified, amount of cost avoidance, and actual dollars recovered.

Sec. 22. NEW SECTION. **10A.404A Fraud in special supplemental nutrition program for women, infants, and children — report.**

On or before November 1, 2026, and by November 1 every fiscal year thereafter, the department shall submit a report to the general assembly concerning the department's activities relative to fraud in the special supplemental nutrition program for women, infants, and children. The report shall include but is not limited to a summary of the number of cases investigated, case outcomes, violation points issued, and actual dollars recovered.

DIVISION VI

HIGH-ACUITY PEDIATRIC WORK GROUP — REPORT

Sec. 23. HIGH-ACUITY PEDIATRIC WORK GROUP — REPORT TO GENERAL ASSEMBLY.

1. The department of health and human services shall convene a work group to examine the unique service needs of high-acuity pediatric recipients of medical assistance under chapter 249A, and high-acuity pediatric members of the healthy and well kids in Iowa program under chapter 514I. The work group shall do all of the following:
 - a. Identify the barriers that prevent the high-acuity pediatric recipients and members from remaining in the least restrictive environment possible.

1 b. Develop a proposal for a tiered reimbursement methodology
2 to provide high-acuity home health services tailored to meet the
3 allowable medical and nonmedical support needs of high-acuity
4 pediatric recipients and members.

5 2. The work group shall be comprised of at least one
6 representative of a provider of high-acuity home health services,
7 one representative of the Iowa chapter of the American academy
8 of pediatrics, one representative of the Iowa association of
9 community providers, one representative of the Iowa health
10 care association, and other individuals or organizations deemed
11 appropriate by the department.

12 3. On or before December 1, 2026, the department shall submit
13 a report to the general assembly that includes all of the
14 following:

15 a. The barriers identified by the work group that prevent
16 high-acuity pediatric recipients and members from remaining in
17 the least restrictive environment possible.

18 b. The working group's proposed tiered reimbursement
19 methodology and the estimated fiscal impact on affected providers
20 and health care facilities.

21 4. The department of health and human services shall provide
22 administrative support, including scheduling meetings of the work
23 group as necessary to complete the work of the work group.

24 DIVISION VII

25 MEDICAID REIMBURSEMENT RATE — SPECIAL POPULATION NURSING
26 FACILITIES

27 Sec. 24. Section 249A.2, Code 2026, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 15. "*Special population nursing facility*"
30 refers to a nursing facility that serves one of the following
31 populations and has been designated as a special population
32 nursing facility by the department:

33 a. One hundred percent of the residents served are aged
34 thirty and under and require a skilled level of care.

35 b. Seventy percent of the residents served require a skilled

1 level of care for neurological disorders.

2 c. One hundred percent of the residents require care from
3 a facility licensed by the department of inspections, appeals,
4 and licensing as an intermediate care facility for persons with
5 mental illness.

6 d. One hundred percent of the residents require care from
7 a facility licensed by the department of inspections, appeals,
8 and licensing as an intermediate care facility for persons with
9 medical complexity.

10 Sec. 25. NEW SECTION. **249A.38C Medicaid reimbursement rate**
11 **— special population nursing facilities.**

12 The provider reimbursement rate for each special population
13 nursing facility enrolled in Medicaid before July 1, 2025, must
14 be the special population nursing facility's average allowable
15 per diem costs as adjusted for inflation. The inflation factor
16 is based on the most recent centers for Medicare and Medicaid
17 services total skilled nursing facility market basket index. If
18 a special population nursing facility subject to this section
19 increases the special population nursing facility's number of
20 beds or expands to provide additional services on or after July
21 1, 2025, the reimbursement rate in this section shall apply to
22 such additional beds or services.