

**House File 2518 - Reprinted**

HOUSE FILE 2518  
BY COMMITTEE ON HEALTH AND  
HUMAN SERVICES

(SUCCESSOR TO HSB 621)

(As Amended and Passed by the House February 25, 2026)

**A BILL FOR**

1 An Act relating to the department of health and human services  
2 and reporting requirements for shelter care, residential  
3 treatment, and Medicaid provider reimbursement rates, and  
4 establishing provider reimbursement rates for Medicaid home  
5 and community-based waiver services.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 235.2, Code 2026, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 9. Upon implementation by the department  
4 of a uniform cost report for shelter care and qualified  
5 residential treatment providers, the department shall  
6 biennially conduct a review of shelter care and qualified  
7 residential treatment provider costs compared to current  
8 shelter care and qualified residential treatment provider  
9 rates. On or before October 1 of the calendar year immediately  
10 succeeding the calendar year in which the review is conducted,  
11 the department shall submit a report to the governor and the  
12 general assembly detailing the results of the department's  
13 review and recommendations for rate adjustments.

14 Sec. 2. Section 249A.4, Code 2026, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 15. *a.* Conduct an annual review of  
17 provider reimbursement rates for medical and health services  
18 provided under this chapter that are reimbursed by a statewide  
19 fee schedule and that are not periodically updated or rebased  
20 pursuant to federal or state law or rule. The department shall  
21 compare each provider reimbursement rate in the following  
22 manner:

23 (1) For all medical and health services other than dental  
24 services, to reimbursement rates under the federal Medicare  
25 program.

26 (2) For dental services, to reimbursement rates for  
27 Medicaid programs in states contiguous to Iowa.

28 *b.* On or before January 15 of each calendar year, the  
29 department shall submit to the general assembly a report  
30 summarizing the department's review under paragraph "a".

31 Sec. 3. NEW SECTION. **249A.32C Home and community-based**  
32 **service waivers — provider rate limits.**

33 1. For purposes of this section:

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

35 *b.* "Provider" means the same as defined in section 249A.29.

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

2     2. On or before July 1 of each fiscal year, providers  
3 shall submit actual cost of service and supply data to the  
4 department. Upon request by the department, a provider shall  
5 submit to reasonable review of the actual cost of service and  
6 supply data submitted.

7     3. *a.* Upon the required submission of annual cost reports  
8 by providers and implementation by the department of a waiver  
9 fee schedule, the department, with input from the public,  
10 consumers, providers, and other stakeholders, shall develop a  
11 proposed cost-based reimbursement system and related changes to  
12 department policies and procedures for all services rendered  
13 under a waiver during the period of review specified by  
14 the department. The cost-based reimbursement system shall  
15 be developed using information provided to the department  
16 including but not limited to all of the following:

- 17     (1) Provider cost data.  
18     (2) Provider claims data.  
19     (3) Consumer needs assessment data.  
20     (4) Other relevant regional and national data.

21     *b.* The department shall, with input from providers and  
22 other relevant stakeholders, develop a uniform and streamlined  
23 provider cost reporting mechanism for home and community-based  
24 services.

25     4. At least once every four years, the department shall  
26 establish a new base period to be used in calculating proposed  
27 rate models and related changes to department policies and  
28 procedures. On or before October 1 of each year that a new base  
29 period is established, the department shall submit a report  
30 to the general assembly that includes proposed rate models,  
31 the projected fiscal impact of implementing the proposed rate  
32 models, including documentation supporting the actuarial  
33 soundness of the proposed rate models, and the proposed changes  
34 to department policies and procedures.