

**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  
2 program; the medical assistance program; the special  
3 supplemental nutrition program for women, infants, and  
4 children; and other public assistance programs under the  
5 purview of the department of health and human services.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

15 d. The residency and identity data released by the United  
16 States department of transportation.

17 e. The state incarceration data released by the Iowa  
18 department of corrections.

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

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

25 Sec. 4. FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM  
26 — WAIVER OF EXPUNGEMENT RULES.

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

35 2. The department of health and human services shall

1 implement the waiver upon receipt of approval of the waiver  
2 from the United States department of agriculture.

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

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

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

17 DIVISION II

18 MEDICAL ASSISTANCE PROGRAM

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

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

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

34 (c) For the purposes of determining the amount of an  
35 individual's resources under this subparagraph and as allowed

1 by 42 U.S.C. §1396a(r)(2), a maximum of ten thousand dollars of  
 2 available resources for an individual, and twenty-one thousand  
 3 dollars of available resources for a couple as defined in 20  
 4 C.F.R. §416.1101, shall be disregarded. The earned income of  
 5 an individual's spouse as defined in 20 C.F.R. §416.1101, one  
 6 motor vehicle per household, and any additional resources held  
 7 in a retirement account, in a pension account, in a medical  
 8 savings account, or in any other account approved under rules  
 9 adopted by the department shall also be disregarded.

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

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

1     NEW SUBSECTION. 15. Submit a report to the general  
2 assembly, including the official payment error rate and  
3 a summary of the data submitted in the payment error rate  
4 measurement report, within thirty calendar days of receipt by  
5 the department of the annual official payment error rate from  
6 the centers for Medicare and Medicaid services of the United  
7 States department of health and human services.

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

14     *a.* The total number of exceptions to policy granted.

15     *b.* The cumulative cost of the exceptions to policy that were  
16 granted.

17     *c.* The types of exceptions to policy that were granted.

18     *d.* Identifiable trends noted by the department including any  
19 of the following:

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

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

24         (3) The Medicaid program eligibility classification of  
25 individuals granted Medicaid program exceptions to policy.

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

28     1. For the purposes of this section, unless context  
29 otherwise requires:

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

31         *b.* "Rural area" means a geographical area that is not part  
32 of a metropolitan statistical area as designated by the United  
33 States office of management and budget.

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

35     2. The base reimbursement rate for a provider of services

1 under a medical assistance program home and community-based  
2 services waiver shall be increased to cover the travel time  
3 and expenses incurred by the provider to provide services to a  
4 consumer who resides in a rural area.

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

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

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

19 **Sec. 10. MEDICAID EXCEPTIONS TO POLICY REVIEW — REPORT**

20 **TO GENERAL ASSEMBLY.** The department of health and human  
21 services shall conduct a review of petitions for a waiver,  
22 also referred to by the department as exceptions to policy, of  
23 rules governing the Medicaid program granted by the department  
24 between January 1, 2020, and January 1, 2026, and shall submit  
25 a report on or before December 15, 2026, of the findings of the  
26 review. The report shall include all of the following:

27 1. The total number of exceptions to policy granted.

28 2. The cumulative cost of the exceptions to policy that were  
29 granted.

30 3. The types of exceptions to policy that were granted.

31 4. Identifiable trends noted by the department including  
32 any of the following:

33 a. The number of exceptions to policy granted in a  
34 particular geographic location.

35 b. The types of Medicaid services that were the basis for

1 the waiver.

2 c. The Medicaid program classification of individuals  
3 granted exception to policy.

4 Sec. 11. CONTINGENT EFFECTIVE DATE. The following takes  
5 effect contingent upon receipt of federal approval by the  
6 department of health and human services from the centers for  
7 Medicare and Medicaid services of the United States department  
8 of health and human services:

9 The section of this division of this Act amending section  
10 249A.3, subsection 2, paragraph "a", subparagraph (1), Code  
11 2026, relating to Medicaid eligibility for employed individuals  
12 with disabilities.

13 DIVISION III

14 ELIGIBILITY FOR CERTAIN PROGRAMS

15 Sec. 12. NEW SECTION. 234.6A Program eligibility —  
16 residency.

17 1. As used in this section, "*public assistance program*"  
18 means any of the following:

19 a. The state child care assistance program under section  
20 237A.13.

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

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

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

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

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

32 (1) A statement from the applicant attesting to the  
33 applicant's reasons for being in the state and length of  
34 residency within the state.

35 (2) A statement from the applicant's employer confirming

1 the applicant's employment in the state.

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

5 (4) A copy of the applicant's most recently filed Iowa state  
6 income tax return.

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

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

12 (4) Information maintained by the United States citizenship  
13 and immigration services of the United States department of  
14 homeland security, including but not limited to information  
15 accessible through the systematic alien verification for  
16 entitlements online service.

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

19 NEW PARAGRAPH. g. The systematic alien verification for  
20 entitlements online service maintained by the United States  
21 citizenship and immigration services of the United States  
22 department of homeland security or other accessible sources to  
23 verify immigration and United States citizenship information.

24 DIVISION IV

25 MISCELLANEOUS PUBLIC ASSISTANCE PROGRAMS

26 Sec. 15. NEW SECTION. 135.16E **Special supplemental**  
27 **nutrition program for women, infants, and children — citizens**  
28 **and qualified aliens.**

29 1. The department shall restrict participation in the  
30 special supplemental nutrition program for women, infants, and  
31 children to citizens and qualified aliens pursuant to section  
32 742 of the federal Personal Responsibility and Work Opportunity  
33 Reconciliation Act of 1996, Pub. L. No. 104-193.

34 2. An infant or child who is a citizen or qualified alien  
35 and who is otherwise eligible for the special supplemental

1 nutrition program for women, infants, and children shall be  
2 eligible regardless of whether the infant's or child's parent  
3 is a citizen or qualified alien.

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

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

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

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

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

28 NEW SUBSECTION. 3. Notwithstanding subsection 1, a member  
29 who fails to complete all required preventative care services  
30 and wellness activities specified during the prior annual  
31 membership period shall be subject to a monthly five dollar fee  
32 during the subsequent year of membership.

33 NEW SUBSECTION. 4. Notwithstanding subsection 1, a member  
34 whose household income is at or above one hundred percent of  
35 the federal poverty level shall be subject to the following

1 copay amounts:

2     *a.* A five dollar copay for a diagnostic dental procedure.  
3 As used in this paragraph, "*diagnostic dental procedure*" means  
4 a dental procedure that is not performed for preventative  
5 purposes.

6     *b.* A one dollar copay for a prescription drug when a  
7 suitable generic equivalent drug approved by the United States  
8 food and drug administration is available to the member.

9     Sec. 19. 2023 Iowa Acts, chapter 104, section 12, subsection  
10 3, is amended to read as follows:

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

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

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

35     2. If an Iowa health and wellness plan member has been

1 terminated from the program previously for nonpayment of  
2 monthly contributions, and is subsequently terminated from  
3 the program for nonpayment of monthly contributions owed as  
4 a result of failure to complete required preventative care  
5 services and wellness activities, the member shall be subject  
6 to payment of any outstanding monthly contributions prior to  
7 reenrollment in the program.

8 DIVISION V

9 PUBLIC ASSISTANCE FRAUD — REPORT

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

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

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

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

31 DIVISION VI

32 HIGH-ACUITY PEDIATRIC WORK GROUP — REPORT

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

35 1. The department of health and human services shall convene

1 a work group to examine the unique service needs of high-acuity  
2 pediatric recipients of medical assistance under chapter 249A,  
3 and high-acuity pediatric members of the healthy and well kids  
4 in Iowa program under chapter 514I. The work group shall do  
5 all of the following:

6 a. Identify the barriers that prevent the high-acuity  
7 pediatric recipients and members from remaining in the least  
8 restrictive environment possible.

9 b. Develop a proposal for a tiered reimbursement  
10 methodology to provide high-acuity home health services  
11 tailored to meet the allowable medical and nonmedical support  
12 needs of high-acuity pediatric recipients and members.

13 2. The work group shall be comprised of at least one  
14 representative of a provider of high-acuity home health  
15 services, one representative of the Iowa chapter of the  
16 American academy of pediatrics, one representative of the  
17 Iowa association of community providers, one representative  
18 of the Iowa health care association, and other individuals or  
19 organizations deemed appropriate by the department.

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

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

26 b. The working group's proposed tiered reimbursement  
27 methodology and the estimated fiscal impact on affected  
28 providers and health care facilities.

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

32 DIVISION VII

33 MEDICAID REIMBURSEMENT RATE — SPECIAL POPULATION NURSING  
34 FACILITIES

35 Sec. 24. Section 249A.2, Code 2026, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 15. *“Special population nursing facility”*  
3 refers to a nursing facility that serves one of the following  
4 populations and has been designated as a special population  
5 nursing facility by the department:

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

8 b. Seventy percent of the residents served require a skilled  
9 level of care for neurological disorders.

10 c. One hundred percent of the residents require care from a  
11 facility licensed by the department of inspections, appeals,  
12 and licensing as an intermediate care facility for persons with  
13 mental illness.

14 d. One hundred percent of the residents require care from a  
15 facility licensed by the department of inspections, appeals,  
16 and licensing as an intermediate care facility for persons with  
17 medical complexity.

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

20 The provider reimbursement rate for each special population  
21 nursing facility enrolled in Medicaid before July 1, 2025, must  
22 be the special population nursing facility’s average allowable  
23 per diem costs as adjusted for inflation. The inflation factor  
24 is based on the most recent centers for Medicare and Medicaid  
25 services total skilled nursing facility market basket index.  
26 If a special population nursing facility subject to this  
27 section increases the special population nursing facility’s  
28 number of beds or expands to provide additional services on  
29 or after July 1, 2025, the reimbursement rate in this section  
30 shall apply to such additional beds or services.