

CHAPTER 1160

PUBLIC HEALTH AND ASSISTANCE PROGRAMS — ELIGIBILITY VERIFICATION, REPORTING, WAIVERS, EXPENDITURE NEUTRALITY, AND EXCEPTIONS TO POLICY — MEDICAID, SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM, AND IOWA HEALTH AND WELLNESS PLAN

S.F. 2422

AN ACT relating to public assistance programs under the purview of the department of health and human services, including the supplemental nutrition assistance program, Medicaid, and the Iowa health and wellness plan, and including effective date provisions.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I PUBLIC ASSISTANCE PROGRAMS — VERIFICATION

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

(4) Information maintained by the United States citizenship and immigration services of the United States department of homeland security, including but not limited to information accessible through the systematic alien verification for entitlements online service, or successor federal verification system.

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

NEW PARAGRAPH. g. The systematic alien verification for entitlements online service maintained by the United States citizenship and immigration services of the United States department of homeland security to verify immigration and United States citizenship information, or successor federal verification system.

DIVISION II SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND MEDICAID — ELIGIBILITY AND ERROR RATE REPORTING

Sec. 3. Section 239.1, Code 2026, is amended by adding the following new subsection:
NEW SUBSECTION. 01. “Alien” means any person not a citizen or national of the United States.

Sec. 4. Section 239.2, Code 2026, is amended to read as follows:

239.2 Supplemental nutrition assistance program — income eligibility.

1. a. The department shall establish the gross countable monthly income threshold for the supplemental nutrition assistance program at less than or equal to one hundred sixty percent of the federal poverty level for the household size.

b. The department shall consider the income and financial resources of all household members in determining the eligibility and benefit allotment of the household, including all household members determined to be ineligible to participate in SNAP under this section or pursuant to 7 U.S.C. §2015(f). Notwithstanding 7 C.F.R. §273.11(c)(3), the individual’s income, deductible expenses, and resources shall be counted, and none shall be prorated.

c. Pursuant to 7 U.S.C. §2015(f), an individual shall be ineligible to participate in SNAP unless the individual is a resident of the United States and meets at least one of the following criteria:

(1) The individual is a citizen or national of the United States.

(2) The individual is an alien lawfully admitted for permanent residence as an immigrant, as defined in 8 U.S.C. §1101(a)(15) and 1101(a)(20), excluding alien visitors, tourists, diplomats, students, or other individuals admitted temporarily with no intention of abandoning their residence in a foreign country.

(3) The individual is an alien who has been granted the status of Cuban and Haitian entrant, as defined in section 501(e) of the federal Refugee Education Assistance Act of 1980, Pub. L. No. 96-422.

(4) The individual lawfully resides in the United States in accordance with a compact of free association referred to in 8 U.S.C. §1612(b)(2)(G).

2. The department shall comply with federal reporting requirements relating to a household member who is determined to be ineligible to participate in SNAP pursuant to 7 C.F.R. §273.4(b).

Sec. 5. NEW SECTION. 239.12 SNAP error rate — reporting.

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 SNAP for the immediately preceding fiscal quarter.

DIVISION III

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM — WAIVERS

Sec. 6. FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM — WAIVER OF EXPUNGEMENT 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, expungement of benefits on a household's electronic benefit account under 7 C.F.R. §274.2(i) be permitted after three months or ninety-one days of inactivity, or of benefits remaining, on the electronic benefit account.

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

1. No later than January 1, 2027, 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, information from the sources under section 239.6, and the following automated sources, shall be considered verified for purposes of 7 C.F.R. §272.12(c):

a. The third-party automated asset verification services contracted by the department or an equivalent third-party asset verification platform.

b. The automated employment verification service known as the work number or an equivalent third-party income verification platform.

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.

DIVISION IV

MEDICAID AND IOWA HEALTH AND WELLNESS PLAN — RETROACTIVE ELIGIBILITY

Sec. 8. NEW SECTION. 249A.3B Medicaid — retroactive eligibility.

1. Notwithstanding any provision of state law to the contrary, effective January 1, 2027, in compliance with section 71112 of Pub. L. No. 119-21, commonly referred to as the One Big Beautiful Bill Act, the department shall adopt rules to provide that the eligibility of an individual who is a pregnant woman, a child, or a resident of a nursing facility licensed under chapter 135C shall be applied retroactively for no more than two months prior to the month in which the individual submits a completed medical assistance program application.

2. The department shall not adopt rules, or submit a request for a waiver or state

plan amendment to the centers for Medicare and Medicaid services of the United States department of health and human services, to permit the department to provide medical assistance program eligibility retroactively to any other adult individual except as provided in subsection 1.

Sec. 9. Section 249N.4, subsection 5, Code 2026, is amended to read as follows:

5. A member is eligible for coverage effective the first day of the month ~~following the month~~ of application for enrollment. The department shall not adopt rules or submit a request for a waiver or state plan amendment to the centers for Medicare and Medicaid services of the United States department of health and human services to permit the department to provide program eligibility prior to the month in which the individual submits a completed application for enrollment.

Sec. 10. 2017 Iowa Acts, chapter 174, section 12, subsection 15, paragraph a, subparagraph (7), as amended by 2018 Iowa Acts, chapter 1165, section 107, is amended by striking the subparagraph.

Sec. 11. MEDICAID RETROACTIVE ELIGIBILITY — WAIVER. The department of health and human services shall submit a request for a section 1115 demonstration waiver to the centers for Medicare and Medicaid services of the United States department of health and human services for approval to allow, for purposes of state administration of Medicaid, for implementation by the department of no retroactive eligibility for any adult individual who is not a pregnant woman, a child, or a resident of a nursing facility licensed under chapter 135C, upon the submission of a completed Medicaid application, instead of three months as required under 42 C.F.R. §435.915. The department shall implement the waiver upon receipt of approval of the waiver by the centers for Medicare and Medicaid services of the United States department of health and human services.

DIVISION V

MEDICAID — MEDICAID MANAGED CARE ORGANIZATION HEALTH CARE TAX FUND; EXPENDITURE NEUTRALITY; AND EXCEPTIONS TO POLICY

Sec. 12. Section 249A.13, subsection 2, Code 2026, is amended to read as follows:

2. Moneys in the fund are appropriated to the department of health and human services for the purposes of the medical assistance program. Unless expressly approved by the general assembly through legislation, or as required by federal law or regulations, the department shall not take any action that reduces moneys deposited in the fund from a health maintenance organization contracting with the department to administer the medical assistance program under this chapter. Such moneys shall not be diverted, reduced, or used by the department for any other purposes than those permitted by this subsection.

Sec. 13. **NEW SECTION. 249A.59 Medicaid waivers and state plan amendments — expenditure neutrality.**

1. For purposes of this section, unless the context otherwise requires, “*expenditure neutral*” means that the cost of a federally approved change to an existing, or new request for a, Medicaid waiver or state plan amendment will not result in a net increase in expenditures from the appropriation enacted for the fiscal year the change or new request is made, as certified by an actuary retained by the department.

2. *a.* The department shall not implement a change to a Medicaid waiver or a state plan amendment approved by the centers for Medicare and Medicaid services of the United States department of health and human services, or submit a new request, if the change or new request is not expenditure neutral, unless expressly approved by the general assembly through legislation prior to implementation of the change or submission of the new request.

b. The department shall not implement a change to a Medicaid waiver or a state plan amendment approved by the centers for Medicare and Medicaid services of the United States department of health and human services, or submit a new request, if the change

or new request expands coverage under the Medicaid program to individuals or classes of individuals, unless expressly approved by the general assembly through legislation prior to implementation of the change or submission of the new request.

3. This section shall not apply when the department implements a federally approved change to, or submits a new request to the federal government for, a Medicaid waiver or state plan amendment that meets any of the following requirements:

a. The change or new request was submitted for federal approval prior to January 1, 2026, regardless of whether federal approval has been received by the department by January 1, 2026.

b. The change or new request is required by federal law or regulation, or is necessary to comply with federal law or regulations.

c. The change or new request is necessary to comply with a settlement agreement, consent decree, or other resolution of a state violation of the federal Medicaid program. A change or new request initiated under this paragraph shall be reported to the general assembly, with an estimate of the fiscal impact of the change or new request to the extent it is known, within thirty days of the date of the settlement agreement, consent decree, or other resolution of a state violation of the federal Medicaid program.

d. The change or new request involves the development or implementation of actuarially sound capitation rates consistent with 42 C.F.R. §438.4.

4. The department may adopt rules pursuant to chapter 17A to administer this section.

Sec. 14. NEW SECTION. 249A.60 Medicaid — exceptions to policy.

The department shall make publicly available, pursuant to section 217.22, information on petitions for a waiver, also referred to by the department as exceptions to policy, of the rules governing the rules of department, including but not limited to the following:

1. The total number of exceptions to policy granted.
2. The cumulative cost of the exceptions to policy that were granted.
3. The types of exceptions to policy that were granted.
4. Identifiable trends noted by the department including any of the following:
 - a. The number of exceptions to policy granted in a particular geographic location.
 - b. The types of Medicaid services that were the basis for exceptions to policy.
 - c. The Medicaid program classification of individuals granted exceptions to policy.

Sec. 15. EFFECTIVE DATE. The following takes effect on January 1, 2027:

The section of this division of this Act amending section 249A.13, subsection 2.

DIVISION VI

MEDICAID — HOSPITAL DIRECTED PAYMENT PROGRAM

Sec. 16. Section 249O.2, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 01. Unless otherwise authorized by the general assembly through legislation, the department shall continue to implement a hospital directed payment program under this chapter utilizing rates up to the maximum amount as permitted under 42 C.F.R. §438.6.

DIVISION VII

PROGRAM ADMINISTRATION — ELECTRONIC BENEFITS FUNDS PAYMENT

Sec. 17. Section 217.24, Code 2026, is amended to read as follows:

217.24 Payment by electronic funds transfer.

1. The department shall continue expanding the practice of making payments to program participants and vendors by means of electronic funds transfer. The department shall seek the capacity for making payment by such means for all programs administered by the department.

2. The department, in coordination with the department of management's division of information technology, shall seek the capacity to allow premium payments by program participants to be made by electronic benefits transfer for all programs administered by

the department that require premium payments. By January 1, 2028, the department shall allow premium payments made by participants pursuant to section 249A.3, subsection 2, paragraph "a", subparagraph (1), to be made by electronic benefits transfer.

DIVISION VIII
EFFECTIVE DATE

Sec. 18. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved June 2, 2026