

CHAPTER 1195

APPROPRIATIONS — HEALTH AND HUMAN SERVICES — VETERANS AFFAIRS

H.F. 2782

AN ACT relating to and making appropriations to the department of veterans affairs and the department of health and human services, including aging and disability services, behavioral health, public health, and community access and eligibility; the medical assistance program, state supplementary assistance, Hawki, and other health-related programs; family well-being and protection; state-operated specialty care; administration and compliance; transfers, cash flow, and nonreversions; report on nonreversion of moneys; more options for maternal support program; reimbursement rates review; mental diseases exclusion waiver; full-time equivalent dashboard; comprehensive family support program; federal community mental health services block grant; behavioral health expenditure report; opioid settlement fund; emergency rules; graduate medical education; and special population nursing facilities; and including effective date and retroactive applicability provisions.

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

**DIVISION I
DEPARTMENT OF VETERANS AFFAIRS — FY 2026-2027**

Section 1. DEPARTMENT OF VETERANS AFFAIRS. There is appropriated from the general fund of the state to the department of veterans affairs for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. DEPARTMENT OF VETERANS AFFAIRS ADMINISTRATION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,369,205
.....	FTEs	15.00

2. IOWA VETERANS HOME

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	8,145,736
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a. The Iowa veterans home billings involving the department of health and human services shall be submitted to the department on at least a monthly basis.

b. The Iowa veterans home expenditure report shall be submitted monthly to the general assembly.

3. HOME OWNERSHIP ASSISTANCE PROGRAM

For transfer to the Iowa finance authority for the continuation of the home ownership assistance program for persons who are or were eligible members of the armed forces of the United States or eligible service members pursuant to section 16.54:

.....	\$	2,200,000
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**DIVISION II
AGING AND DISABILITY SERVICES — FY 2026-2027**

Sec. 2. DEPARTMENT OF HEALTH AND HUMAN SERVICES — AGING AND DISABILITY SERVICES. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For aging programs for the department of health and human services and area agencies on aging to provide citizens of Iowa who are 60 years of age and older with case management; for Iowa’s aging and disabilities resource centers; for the return to community program; for the purposes of chapter 231E; to administer the prevention of elder abuse, neglect, and exploitation program pursuant to section 231.56A, in accordance

with the requirements of the federal Older Americans Act of 1965, 42 U.S.C. §3001 et seq., as amended; for the operation of the dependent adult abuse services program pursuant to chapter 235B; for matching funding for programs to enable persons with severe physical or mental disabilities to function more independently; for costs associated with centers for independent living; and for other services which may include but are not limited to adult day care, respite care, chore, information and assistance, and material aid; for information and options counseling for persons with disabilities; and for salaries, support, administration, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	19,379,531
.....	FTEs	101.00

1. Moneys appropriated in this section may be used to supplement federal moneys received under federal regulations. To receive moneys appropriated in this section, a local area agency on aging shall match the moneys with moneys from other sources according to rules adopted by the department. Moneys appropriated in this section may be used for services not specifically enumerated in this section only if approved by the department as part of an area agency on aging’s area plan.

2. Of the moneys appropriated in this section, \$949,282 is allocated to be used for the comprehensive family support program created in section 231.80 as enacted under this Act.

3. Of the moneys appropriated in this section, \$33,632 is allocated to be used to build community capacity through the coordination and provision of training opportunities in accordance with the consent decree of Conner v. Branstad, No. 4-86-CV-30871 (S.D. Iowa, July 15, 1994).

DIVISION III
BEHAVIORAL HEALTH — FY 2026-2027

Sec. 3. DEPARTMENT OF HEALTH AND HUMAN SERVICES — BEHAVIORAL HEALTH. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For behavioral health prevention, education, early intervention, treatment, recovery support, and crisis services in order to support statewide access to treatment for behavioral health conditions; stabilization and mitigation of behavioral health crises; and recovery for individuals and families impacted by behavioral health conditions. Activities shall align with accepted best practice guidance standards for behavioral health including those published by the centers for disease control and prevention of the United States department of health and human services, and the substance abuse and mental health services administration of the United States department of health and human services, for health promotion; universal, selective, and indicated prevention; treatment; and recovery services and supports; and shall include a 24-hour helpline, public information resources, professional training, youth prevention, program evaluation, and efforts at the state and local levels, and for not more than the following full-time equivalent positions:

.....	\$	23,127,121
.....	FTEs	70.00

1. Of the moneys appropriated in this section, \$300,000 is allocated to support the work of the children’s behavioral health system including evidence-based behavioral health prevention, treatment, and recovery services and supports for children and their families.

2. Of the moneys appropriated in this section, \$950,000 is allocated for an integrated substance use disorder managed care system. The department shall maintain the level of mental health and substance use disorder treatment services provided by the managed care contractors, and shall take the steps necessary to continue the federal waivers as needed to maintain the level of services.

Sec. 4. DEPARTMENT OF HEALTH AND HUMAN SERVICES — SPORTS WAGERING RECEIPTS FUND. There is appropriated from the sports wagering receipts fund created

in section 8.57I, to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for behavioral health prevention, education, early intervention, treatment, recovery support, and crisis services in order to support statewide access to treatment for behavioral health conditions; stabilization and mitigation of behavioral health crises; and recovery for individuals and families impacted by behavioral health conditions:

..... \$ 1,750,000

DIVISION IV
PUBLIC HEALTH — FY 2026-2027

Sec. 5. DEPARTMENT OF HEALTH AND HUMAN SERVICES — PUBLIC HEALTH. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For programs that support health promotion, protect the health and safety of the public, conduct disease surveillance and investigation to reduce the incidence of morbidity and mortality, serve individuals with chronic conditions including but not limited to cancer, support the Iowa donor registry as specified in section 142C.18, and strengthen the health care delivery system and workforce to improve health outcomes for all Iowans, and for not more than the following full-time equivalent positions:

..... \$ 21,168,369
..... FTEs 348.60

1. Of the moneys appropriated in this section, \$191,000 is allocated to the university of Iowa hospitals and clinics to administer a child vision screening program through continuation of an existing contract. The program shall submit a report to the department regarding the use of funds allocated under this subsection. The report shall include the objectives and results for the program year including the target population and how the funds allocated assisted the program in meeting the objectives; the number, age, and location within the state of individuals served; the type of services provided to the individuals served; the distribution of moneys based on the services provided; and the continuing needs of the program.

2. Of the moneys appropriated in this section, \$144,000 is allocated for the public purpose of allowing the department to continue an existing contract with an existing affiliated organization to provide education, client-centered programs, and client and family support, for people living with epilepsy and their families. The moneys allocated in excess of \$50,000 shall be matched dollar for dollar by the existing affiliated organization. Moneys under this section shall be distributed in their entirety on July 1, 2026, for the purpose specified.

3. Of the moneys appropriated in this section, the following amounts are allocated to the department of health and human services to be used as follows to support the goals of increased access, health system integration, and engagement:

a. \$600,000 for distribution to a nonprofit organization that established the first statewide drug donation repository for continuation of the pharmaceutical infrastructure for safety net providers established as described in 2007 Iowa Acts, chapter 218, section 108, and for the prescription drug donation repository program established in chapter 135M. Moneys under this paragraph shall be distributed in their entirety on July 1, 2026, for the purpose specified.

b. \$374,000 for distribution to free clinics, as defined in section 135.24, and a nonprofit organization that facilitates the initiation, operation, and collaboration of free clinics for necessary infrastructure, statewide coordination, provider recruitment, service delivery, and provision of assistance to patients in securing a medical home inclusive of oral health care. Of the moneys allocated, \$40,000 shall be used to lower fees associated with using an electronic prescribing system. Moneys under this paragraph shall be distributed in their entirety on July 1, 2026, for the purpose specified.

c. \$25,000 for distribution to an organization that raises awareness about issues related

to rural health clinics for necessary infrastructure and service delivery transformation. Moneys under this paragraph shall be distributed in their entirety on July 1, 2026, for the purpose specified.

4. Of the moneys appropriated in this section, \$400,000 is allocated for rural psychiatric residencies for residents selected on or before June 30, 2026.

5. Of the moneys appropriated in this section, \$20,000 is allocated to make radon test kits available, free of charge, to homeowners and renters in the state. The department shall provide a link on the department’s internet site for homeowners and renters in the state to order radon test kits.

6. Of the moneys appropriated in this section, \$1,500,000 is allocated for awarding grants for medical residency programs in the state that meet the following criteria:

a. The medical residency program is not related to the practice of family medicine.

b. The medical residency program is not located in a county that has a population of one hundred fifty thousand or more based on the most recent federal decennial census, and in which the main campus of an institution of higher learning governed by the state board of regents is located.

7. The university of Iowa hospitals and clinics under the control of the state board of regents shall not receive indirect costs from the moneys appropriated in this section. The university of Iowa hospitals and clinics billings to the department shall be, at a minimum, on a quarterly basis.

DIVISION V

COMMUNITY ACCESS AND ELIGIBILITY — CHILD SUPPORT SERVICES — TANF — FY 2026-2027

Sec. 6. DEPARTMENT OF HEALTH AND HUMAN SERVICES — COMMUNITY ACCESS AND ELIGIBILITY. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

To be used for salaries, support, maintenance, and miscellaneous purposes and for family investment program (FIP) assistance in accordance with chapter 239B, and for other costs associated with providing needs-based benefits or assistance including but not limited to maternal and child health, oral health, obesity prevention, the promoting independence and self-sufficiency through employment, job opportunities and the basic skills (PROMISE JOBS) program, supplemental nutrition assistance program (SNAP) employment and training, the FIP diversion program, family planning, rent reimbursement, and eligibility determinations for medical assistance, food assistance, and the children’s health insurance program, and for not more than the following full-time equivalent positions:

.....	\$	76,371,516
.....	FTEs	883.90

1. Of the child support collections assigned under FIP, the federal share of the child support collections shall be credited to the child support services appropriation made in this division of this Act. Of the remainder of the child support collections assigned under FIP, a portion shall be credited to community access and eligibility, and the remaining moneys may be used to increase recoveries, to sustain cash flow in the collection services center refund account as provided in section 252B.13A, or for technology needs. If child support collections assigned under FIP are greater than estimated or are otherwise determined not to be required for maintenance of efforts, the state share of either amount is appropriated to the department for child support services as described in this division of this Act, or may be transferred to or retained in the collection services center refund account.

2. Of the moneys appropriated in this section, \$3,075,000 is allocated for continuation of the department’s initiative to provide for adequate developmental surveillance and screening during a child’s first five years. The moneys shall first be used to fully fund the current participating counties to ensure that those counties are fully operational, with the remaining moneys to be used for expanding participation to additional

counties. Full implementation and expansion shall include enhancing the scope of the initiative through collaboration with child health specialty clinics to promote the use of developmental surveillance and screening to support healthy child development through early identification and response to biomedical and social determinants of healthy development by providing practitioner consultation and continuous improvement through training and education, particularly for children with behavioral conditions and needs. The department shall also collaborate with the Medicaid program and child health specialty clinics to assist in coordinating the activities of the first five initiative into the establishment of patient-centered medical homes developed to improve health quality and population health while reducing health care costs. To the maximum extent possible, moneys allocated in this subsection shall be utilized as matching moneys for Medicaid program reimbursement.

3. Of the moneys appropriated in this section, \$1,145,102 is allocated to the Iowa commission on volunteer service created in section 15H.2 for programs and grants.

4. The university of Iowa hospitals and clinics under the control of the state board of regents shall not receive indirect costs from the moneys appropriated in this section. The university of Iowa hospitals and clinics billings to the department shall be, at a minimum, on a quarterly basis.

Sec. 7. DEPARTMENT OF HEALTH AND HUMAN SERVICES — CHILD SUPPORT SERVICES. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child support services, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	15,644,114
.....	FTEs	464.00

1. Federal access and visitation grant moneys shall be used for services designed to increase compliance with the child access provisions of court orders, including but not limited to neutral visitation sites and mediation services.

2. Moneys appropriated in this section may be used throughout the fiscal year in the manner necessary for cash flow management. For cash flow management under this subsection, the department may temporarily draw more than the amount appropriated provided the amount appropriated is not exceeded at the close of the fiscal year.

Sec. 8. DEPARTMENT OF HEALTH AND HUMAN SERVICES — TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT. There is appropriated from the special fund created in section 8.41 to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, from moneys received under the federal temporary assistance for needy families (TANF) block grant pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, and successor legislation, including TANF block grant moneys received in any prior fiscal year that were deposited in the special fund and remain unencumbered or unobligated on June 30, 2026, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For community access and eligibility:	\$	12,566,312
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2. For community access and eligibility to provide pregnancy prevention grants on the condition that family planning services are funded:

.....	\$	1,913,203
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Pregnancy prevention grants shall be awarded to programs in existence on or before July 1, 2026, if the programs have demonstrated positive outcomes. Grants shall be awarded to pregnancy prevention programs developed after July 1, 2026, if the programs are based on existing models that have demonstrated positive outcomes. Grants must comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, including the requirement that a program awarded a grant must emphasize sexual abstinence. Priority in awarding grants shall be given to programs

that serve areas of the state which demonstrate the highest percentage of unplanned pregnancies of females of childbearing age within the geographic area to be served by the grant.

3. To meet one of the four purposes of TANF as specified in 45 C.F.R. §260.20, including by modernizing the program to promote economic mobility and self-sufficiency, ensuring that families are able to overcome benefit cliffs, encouraging healthy families, and streamlining service delivery to reduce duplication:

..... \$ 25,000,000

4. For early intervention and supports for child abuse prevention and the family development and self-sufficiency (FaDSS) grant program in accordance with section 216A.107:

..... \$ 3,013,980

5. For accountability, compliance, program integrity, technology needs, and other resources necessary to meet federal and state reporting, tracking, and case management requirements, and other departmental needs:

..... \$ 3,533,647

6. For state child care assistance:

..... \$ 42,281,826

7. For child protective services:

..... \$ 65,364,100

DIVISION VI

MEDICAL ASSISTANCE PROGRAM — STATE SUPPLEMENTARY ASSISTANCE — HEALTHY AND WELL KIDS IN IOWA PROGRAM AND OTHER HEALTH-RELATED PROGRAMS — FY 2026-2027

Sec. 9. DEPARTMENT OF HEALTH AND HUMAN SERVICES — MEDICAL ASSISTANCE PROGRAM, STATE SUPPLEMENTARY ASSISTANCE, AND HEALTHY AND WELL KIDS IN IOWA PROGRAM. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For medical assistance program reimbursement and associated costs as specifically provided in the reimbursement methodologies in effect on June 30, 2026, except as otherwise expressly authorized by law, consistent with options under federal law and regulations, and contingent upon receipt of approval from the office of the governor of reimbursement for each abortion performed under the medical assistance program; for the state supplementary assistance program; for the health insurance premium payment program; and for maintenance of the healthy and well kids in Iowa (Hawki) program pursuant to chapter 514I, including supplemental dental services, for receipt of federal financial participation under Tit. XXI of the federal Social Security Act, which creates the children’s health insurance program; and for other specified health-related programs:

..... \$ 1,992,550,706

1. Of the moneys appropriated in this section, \$1,919,596,113 is allocated for medical assistance program reimbursement and associated costs. Of the moneys allocated in this subsection, \$3,383,880 shall be used for program administration, outreach, and enrollment activities of the state family planning services program pursuant to section 217.41B, and of this amount, the department may use \$200,000 for administrative expenses.

2. Iowans support reducing the number of abortions performed in our state. Moneys appropriated under this section shall not be used for abortions, unless otherwise authorized under this section.

3. The provisions of this section relating to abortions shall also apply to the Iowa health and wellness plan created pursuant to chapter 249N.

4. Of the moneys appropriated in this section, \$4,479,762 is allocated for the state supplementary assistance program.

5. Of the moneys appropriated in this section, \$68,474,831 is allocated for maintenance of the Hawki program pursuant to chapter 514I, including supplemental dental services,

for receipt of federal financial participation under Tit. XXI of the federal Social Security Act, which creates the children’s health insurance program.

Sec. 10. DEPARTMENT OF HEALTH AND HUMAN SERVICES — HEALTH PROGRAM OPERATIONS. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For health program operations and the autism support program under section 225D.2, and for not more than the following full-time equivalent positions:

.....	\$	40,342,766
.....	FTEs	97.00

1. The department of inspections, appeals, and licensing shall provide all state matching moneys for survey and certification activities performed by the department of inspections, appeals, and licensing. The department of health and human services shall be solely responsible for distributing the federal matching moneys for such activities.

2. Of the moneys appropriated in this section, a sufficient amount is allocated for the administration of the health insurance premium payment program, including salaries, support, maintenance, and miscellaneous purposes.

3. Of the moneys appropriated in this section, \$750,000 is allocated for a nonprofit organization that provides access to emergency poison information and treatment. Pursuant to the directive under 2014 Iowa Acts, chapter 1140, section 102, the federal matching moneys available to the nonprofit organization from the department under the federal Children’s Health Insurance Program Reauthorization Act of 2009 shall be subject to the federal administrative cap rule of 10 percent applicable to moneys provided under Tit. XXI of the federal Social Security Act, and shall be included in the department’s calculations of the cap.

4. Unless otherwise provided by law, if a contract for services provided under this section initially entered into during the fiscal year beginning July 1, 2026, and ending June 30, 2027, provides for an annual increase of the cost of services provided under the contract, the annual increase shall not exceed the amount by which the consumer price index for all urban consumers increased during the immediately preceding calendar year. This subsection does not affect a contract entered into on or before June 30, 2026, that is for a term of more than one year.

Sec. 11. DEPARTMENT OF HEALTH AND HUMAN SERVICES — PHARMACEUTICAL SETTLEMENT ACCOUNT. There is appropriated from the pharmaceutical settlement account created in section 249A.33 to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

Notwithstanding any provision of law to the contrary, to supplement the appropriation made in this Act from the general fund of the state for health program operations under the medical assistance program for the same fiscal year:

.....	\$	234,193
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Sec. 12. DEPARTMENT OF HEALTH AND HUMAN SERVICES — QUALITY ASSURANCE TRUST FUND.

1. Notwithstanding any provision of law to the contrary, and subject to the availability of moneys, there is appropriated from the quality assurance trust fund created in section 249L.4 to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, for the purposes designated:

To supplement the appropriation made in this Act from the general fund of the state to the department of health and human services for medical assistance for the same fiscal year:

.....	\$	111,216,205
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2. Notwithstanding section 249L.4, subsection 2, after the appropriation in subsection

1, any moneys remaining in the quality assurance trust fund for the fiscal year beginning July 1, 2026, and ending June 30, 2027, are appropriated to the department of health and human services to supplement the appropriation made in this Act from the general fund of the state for the medical assistance program for the same fiscal year.

Sec. 13. DEPARTMENT OF HEALTH AND HUMAN SERVICES — HOSPITAL HEALTH CARE ACCESS TRUST FUND.

1. Notwithstanding any provision of law to the contrary, and subject to the availability of moneys, there is appropriated from the hospital health care access trust fund created in section 249M.4, to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, for the purposes designated:

To supplement the appropriation made in this Act from the general fund of the state to the department of health and human services for medical assistance for the same fiscal year:

..... \$ 33,920,554

2. Notwithstanding section 249M.4, subsection 2, after the appropriation in subsection 1, any moneys remaining in the hospital health care access trust fund for the fiscal year beginning July 1, 2026, and ending June 30, 2027, are appropriated to the department of health and human services to supplement the appropriation made in this Act from the general fund of the state for the medical assistance program for the same fiscal year.

Sec. 14. DEPARTMENT OF HEALTH AND HUMAN SERVICES — BEHAVIORAL HEALTH FUND. Notwithstanding section 225A.7, subsection 2, and subject to the availability of moneys, there is appropriated from the behavioral health fund established in section 225A.7, to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, for the purposes designated:

To supplement the appropriation made in this Act from the general fund of the state to the department of health and human services for medical assistance for the fiscal year beginning July 1, 2026, and ending June 30, 2027:

..... \$ 5,580,938

Sec. 15. REIMBURSEMENT RATES.

1. Reimbursement for medical assistance, state supplementary assistance, and social service providers and services reimbursed under the purview of the department of health and human services shall remain at the reimbursement rate in effect on June 30, 2026, or shall be determined pursuant to the reimbursement methodology in effect on June 30, 2026, with the exception of the following:

a. If reimbursement is otherwise negotiated by contract or pursuant to an updated fee schedule.

b. As otherwise provided in this section.

2. a. (1) Notwithstanding any provision of law to the contrary, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the department of health and human services shall reimburse case-mix nursing facility rates based on the methodology in effect on June 30, 2026.

(2) July 1, 2025, through December 31, 2025, the department of health and human services shall calculate each nursing facility’s case-mix index for rates effective July 1, 2026.

(3) January 1, 2026, through June 30, 2026, the department of health and human services shall calculate each nursing facility’s case-mix index for rates effective January 1, 2027.

(4) All nursing facility rate adjustments under this paragraph shall be budget neutral.

b. For the fiscal year beginning July 1, 2026, \$1,167,867 shall be used to increase to the extent possible reimbursement rates for ambulatory surgical centers compared to rates in effect on June 30, 2026.

c. For the fiscal year beginning July 1, 2026, \$3,000,000 shall be used to increase to the extent possible, compared with rates in effect on June 30, 2026, reimbursement rates

for providers of Medicaid home and community-based services waiver services used most frequently by elderly waiver recipients including attendant care, homemaker, and assisted living services.

d. (1) Adjustments to Medicaid reimbursement rates developed using cost reports shall be applied starting on the effective date specified in the applicable rate letter issued to a provider.

(2) Minimum Medicaid reimbursement rates for all provider and service types shall be no lower than the reimbursement rates established in the department’s minimum fee schedule.

(3) Any increase in a Medicaid reimbursement rate specified under this section shall be effective October 1, 2026.

DIVISION VII
FAMILY WELL-BEING AND PROTECTION — FY 2026-2027

Sec. 16. DEPARTMENT OF HEALTH AND HUMAN SERVICES — STATE CHILD CARE ASSISTANCE. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For state child care assistance in accordance with sections 237A.13 and 237A.14, and for not more than the following full-time equivalent positions:

.....	\$	32,723,000
.....	FTEs	53.00

1. If the appropriation made for purposes of the state child care assistance program for the fiscal year is determined to be insufficient, it is the intent of the general assembly to appropriate sufficient moneys for the fiscal year to avoid application of waiting list requirements.

2. A portion of the state match for the federal child care and development block grant shall be provided as necessary to meet federal matching moneys requirements through the state general fund appropriation made for child development grants and other programs for at-risk children in section 279.51.

Sec. 17. DEPARTMENT OF HEALTH AND HUMAN SERVICES — EARLY INTERVENTION AND SUPPORTS. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For promotion of optimum health status for children and adolescents from birth through 21 years of age, and for families, and for not more than the following full-time equivalent positions:

.....	\$	36,495,203
.....	FTEs	28.00

1. Of the moneys appropriated in this section, not more than \$734,000 is allocated for the healthy opportunities for parents to experience success (HOPES) – healthy families Iowa (HFI) program established pursuant to section 135.106.

2. Of the moneys appropriated in this section, \$4,313,854 is allocated for the FaDSS grant program, and not more than 5 percent of the allocated moneys shall be used for administration of the grant program.

3. Of the moneys appropriated in this section, \$29,256,799 shall be deposited in the early childhood Iowa fund created in section 256I.11.

4. Of the moneys appropriated in this section, \$1,493,299 is allocated for program administration and provision of pregnancy support services through the more options for maternal support program pursuant to section 217.41C.

Sec. 18. DEPARTMENT OF HEALTH AND HUMAN SERVICES — CHILD PROTECTIVE SERVICES. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026,

and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child, family, and adoption services, and for salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	164,527,690
.....	FTEs	977.00

1. Based on client need, a portion of the moneys appropriated in this section may be used to provide other resources required to support family preservation, emergency client need, or family reunification efforts.

2. Of the moneys appropriated in this section, a sufficient amount is allocated for foster family care, group foster care maintenance and services, shelter care, child welfare emergency services, qualified residential treatment programs, supervised apartment living contracts, and for medical assistance program reimbursement and associated costs.

3. Federal moneys received by the state during the fiscal year beginning July 1, 2026, as the result of the expenditure of state moneys appropriated during a previous state fiscal year for a service or activity funded under this section, are appropriated to the department to be used as additional moneys for services and purposes provided under this section. Notwithstanding section 8.33, moneys appropriated under this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for the purposes designated until the close of the succeeding fiscal year.

4. a. Of the moneys appropriated in this section, \$748,000 is allocated for the payment of the expenses of court-ordered services provided to children who are under the supervision of the department, which expenses are a charge upon the state pursuant to section 232.141, subsection 4.

b. Notwithstanding chapter 232 or any other provision of law to the contrary, a district or juvenile court shall not order any service which is a charge upon the state pursuant to section 232.141, subsection 4, if the moneys allocated under paragraph "a" for court-ordered services are insufficient to pay for the service.

5. Of the moneys appropriated in this section, \$4,359,500 is allocated for the preparation for adult living program established pursuant to section 234.46.

6. Of the moneys appropriated in this section, a portion may be used for family-centered services for purposes of complying with the federal Family First Prevention Services Act of 2018, Pub. L. No. 115-123, and successor legislation.

7. a. Of the moneys appropriated in this section, \$38,414,178 is allocated for adoption subsidy payments and related costs.

b. Any moneys remaining after the allocation under paragraph "a" is designated and allocated as state savings resulting from implementation of the federal Fostering Connections to Success and Increasing Adoptions Act of 2008, Pub. L. No. 110-351, and successor legislation, as determined in accordance with 42 U.S.C. §673(a)(8), and shall be used for post-adoption services and for other purposes allowed under those federal Acts and regulations, and Tit. IV-B or Tit. IV-E of the federal Social Security Act.

8. Of the moneys appropriated in this section, a sufficient amount is allocated to support training needs for child welfare providers and to address disproportionality within the child welfare system.

9. Of the moneys appropriated in this subsection, \$1,658,000 shall be allocated for child protection centers located in Iowa pursuant to the child protection center grant program under section 135.118. The grant amounts under the program shall be equalized so that each center receives a uniform base amount of \$245,000, and the remaining moneys are awarded through a funding formula based upon the volume of children served by a center. To increase access to child protection center services for children in rural areas, the funding formula for awarding the remaining moneys shall provide for awarding an enhanced amount to eligible grantees to develop and maintain satellite centers in underserved regions of the state.

10. Of the moneys appropriated in this subsection, up to \$227,000 shall be used for the public purpose of continuing a grant to a nonprofit human services organization that

provides services to individuals and families in multiple locations in southwest Iowa and Nebraska, for support of a project providing immediate, sensitive support and forensic interviews, medical exams, needs assessments, and referrals for victims of child abuse and their nonoffending family members.

11. If a separate funding source is available that reduces the need for state moneys within an allocation under this section, the allocated state moneys may be redistributed to other allocations under this section for the same fiscal year.

DIVISION VIII
STATE-OPERATED SPECIALTY CARE — FY 2026-2027

Sec. 19. DEPARTMENT OF HEALTH AND HUMAN SERVICES — STATE-OPERATED SPECIALTY CARE. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes at institutions under the jurisdiction of the department of health and human services, and for not more than the following full-time equivalent positions:

.....	\$	100,225,768
.....	FTEs	1,304.45

1. The department shall utilize the moneys appropriated in this section as necessary to maximize bed capacity and to most effectively meet the needs of the individuals served.

2. Of the moneys appropriated in this section, the following amounts are allocated to each institution as follows:

a. For the state mental health institute at Cherokee:	\$	19,878,962
b. For the state mental health institute at Independence:	\$	23,760,205
c. For the civil commitment unit for sexual offenders at Cherokee:	\$	23,272,111
d. For the state resource center at Woodward:	\$	12,567,092
e. For the state training school at Eldora:	\$	19,805,171
f. For outstanding obligations related to workers' compensation, the sick leave insurance program, unemployment, and other costs related to the closure of the state resource center at Glenwood:	\$	942,227

DIVISION IX
ADMINISTRATION AND COMPLIANCE — FY 2026-2027

Sec. 20. DEPARTMENT OF HEALTH AND HUMAN SERVICES — ACCOUNTABILITY, COMPLIANCE, AND PROGRAM INTEGRITY. There is appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For accountability, compliance, and program integrity, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	23,152,404
.....	FTEs	382.00

1. Of the moneys appropriated in this section, \$2,602,312 is allocated for foster care review and the court appointed special advocate program, including for salaries, support, maintenance, and miscellaneous purposes.

2. Of the moneys appropriated in this section, \$1,148,959 is allocated for the office

of long-term care ombudsman for salaries, support, administration, maintenance, and miscellaneous purposes.

DIVISION X
TRANSFERS, CASH FLOW, AND NONREVERSIONS — FY 2026-2027

Sec. 21. DEPARTMENT OF HEALTH AND HUMAN SERVICES — TRANSFERS AND CASH FLOW.

1. Notwithstanding any provision of law to the contrary, the department of health and human services may transfer moneys appropriated in this Act to support continuing alignment efforts, to maximize federal support in accordance with the department's federal costs allocation plan, and to secure resources necessary to implement and administer the services for which moneys are appropriated. The department shall report any transfers made pursuant to this subsection to the general assembly. On or before December 1, 2026, the department shall report to the chairpersons of the health and human services appropriations subcommittee the allocations and full-time equivalent positions for each division of the department for the fiscal year beginning July 1, 2027.

2. If, due to ongoing cost management efforts, appropriations under this Act for the Medicaid program exceed the associated costs for the Medicaid program for the fiscal year, the department may transfer any savings to the appropriations made in this Act for health program operations, or for accountability, compliance, and program integrity, to defray the costs associated with ongoing cost management efforts.

3. Notwithstanding any provision of law to the contrary, the department may transfer moneys appropriated under this Act for child protective services to pay the nonfederal share costs of services reimbursed under the medical assistance program, state child care assistance program, or family investment program which are provided to children who would otherwise receive services paid by the appropriation for child protective services.

4. The department may transfer moneys from the temporary assistance for needy families block grant to the federal social services block grant appropriation, and to the child care and development block grant appropriation, in accordance with federal law.

5. To the extent the department determines that moneys appropriated under this Act, or allocated for a specific purpose under this Act, will remain unencumbered or unobligated at the close of the fiscal year, such unencumbered or unobligated moneys may be used in the same fiscal year for any other purpose for which the appropriated moneys may be used, or for any other allocation within the same appropriation.

Sec. 22. DEPARTMENT OF HEALTH AND HUMAN SERVICES — NONREVERSIONS.

1. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state and the temporary assistance for needy families block grant to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, for the purposes of the FaDSS grant program, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

2. Notwithstanding section 8.33, of the moneys appropriated under this Act from the general fund of the state, the quality assurance trust fund, and the hospital health care access trust fund to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, for the purposes of the medical assistance program, the amount in excess of actual expenditures for the medical assistance program that remains unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the medical assistance program until the close of the succeeding fiscal year.

3. Notwithstanding section 8.33, and notwithstanding the nonreversion amount limitation specified for state resource centers in section 222.92, subsection 4, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, for the purposes of state-operated specialty care, that remain unencumbered or

unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated for subsequent fiscal years.

4. Notwithstanding section 8.33, moneys appropriated in this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, for the Iowa commission on volunteer service for programs and grants, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated for subsequent fiscal years.

5. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, and allocated for rural psychiatric residencies, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

6. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, and allocated for adoption subsidy payments and related costs, or for post-adoption services and allowable related purposes, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for adoption reinvestment obligations.

7. Notwithstanding section 8.33, moneys appropriated under this Act from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, and allocated for child protective services, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

DIVISION XI REPORT ON NONREVERSION OF MONEYS

Sec. 23. DEPARTMENT OF HEALTH AND HUMAN SERVICES — REPORT ON NONREVERSION OF MONEYS. The department of health and human services shall report the expenditure of any moneys for which nonreversion authorization was provided for the fiscal year beginning July 1, 2026, and ending June 30, 2027, to the general assembly on a quarterly basis beginning October 1, 2027.

DIVISION XII EMERGENCY RULES

Sec. 24. DEPARTMENT OF HEALTH AND HUMAN SERVICES — EMERGENCY RULES.

1. If necessary to comply with federal requirements, including time frames, the department of health and human services shall adopt administrative rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph “b”, to implement the applicable provisions of this Act. The rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

2. If the department of health and human services adopts emergency rules in accordance with this section, or as otherwise directed or authorized by state law, and the rules will result in an increase in expenditures beyond the amount anticipated in the budget for the fiscal year, or if the expenditures were not addressed in the budget for the fiscal year, the department shall notify the general assembly and the department of management concerning the rules and the increase in expenditures. The notification shall be provided at least thirty calendar days prior to the date notice of the rules is submitted to the administrative rules coordinator and the administrative code editor.

DIVISION XIII
MORE OPTIONS FOR MATERNAL SUPPORT PROGRAM APPROPRIATION
NONREVERSION

Sec. 25. 2025 Iowa Acts, chapter 169, section 27, is amended by adding the following new subsection:

NEW SUBSECTION. 8. Notwithstanding section 8.33, moneys appropriated from the general fund of the state to the department of health and human services for the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the more options for maternal support program created in section 217.41C that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 26. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 27. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to July 1, 2025.

DIVISION XIV
REIMBURSEMENT RATES — REVIEW

Sec. 28. Section 235.2, Code 2026, is amended by adding the following new subsection:

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

Sec. 29. Section 249A.4, Code 2026, is amended by adding the following new subsection:

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

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

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

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

DIVISION XV
MENTAL DISEASES EXCLUSION — WAIVER

Sec. 30. DEPARTMENT OF HEALTH AND HUMAN SERVICES — MEDICAL DISEASES EXCLUSION WAIVER. No later than July 1, 2027, the department of health and human services shall apply to the centers for Medicare and Medicaid services of the United States department of health and human services for a waiver of Medicaid's institution for mental diseases exclusion.

DIVISION XVI
DEPARTMENT OF HEALTH AND HUMAN SERVICES — FULL-TIME EQUIVALENT
DASHBOARD

Sec. 31. DEPARTMENT OF HEALTH AND HUMAN SERVICES — FULL-TIME EQUIVALENT DASHBOARD. Pursuant to section 217.22, the department of health and human services shall make publicly available information on full-time equivalent positions as described in section 8.36A, that details all of the following:

1. The number of full-time equivalent positions authorized by the general assembly for the department, categorized by the department division or appropriation.
2. The number of filled full-time, part-time, or temporary positions by department division or appropriation.
3. The percentage of moneys from each federal, state, or other funding source for each department division and department appropriation.

DIVISION XVII
COMPREHENSIVE FAMILY SUPPORT PROGRAM

Sec. 32. NEW SECTION. **231.80 Comprehensive family support program.**

1. For the purposes of this section, unless the context otherwise requires:
 - a. “*Comprehensive family support*” means services and supports that assist families caring for an individual with a disability who is a member of the family, including but not limited to programs, services, parent-to-parent support, assistive devices, and various adaptations that allow an individual with a disability to participate more fully in family and community life.
 - b. (1) “*Family*” means a group of interdependent persons living in the same household. A family consists of an individual with a disability and any of the following:
 - (a) The individual’s parent.
 - (b) The individual’s sibling.
 - (c) The individual’s grandparent, aunt, or uncle.
 - (d) The individual’s legal custodian.
 - (e) A person providing short-term foster care to the individual with a disability subject to a case permanency plan that provides for reunification between the individual and the individual’s parent.
 - (2) “*Family*” does not include a person who is employed to provide services to an individual with a disability in an out-of-home setting, including but not limited to a hospital, nursing facility, personal care home, board and care home, group foster care home, or other institutional setting.
 - c. “*Individual with a disability*” means an individual who is less than twenty-two years of age and meets the definition of developmental disability in 42 U.S.C. §15002.
 - d. “*Services and support*” means assistance intended to enable an individual with a disability to control the individual’s environment, to remain living with the individual’s family, to function more independently, and to increase the integration of the individual into the individual’s community including but not limited to funding for purchase of equipment, respite care, supplies, assistive technology, and payment of other costs attributable to the individual’s disability which are identified by the individual’s family.
2. A comprehensive family support program is created under the purview of the department to provide a statewide system of services and support to eligible families. The program shall be implemented in a manner that enables a family member of an individual with a disability to identify the needed services and support.
3. Eligibility for the program is limited to families who meet all of the following criteria:
 - a. The family resides in the state of Iowa.
 - b. The family intends for the family member who is an individual with a disability to remain living in the family’s home.
 - c. The family’s taxable income is less than sixty thousand dollars for the most recently completed tax year.
4. A family may apply to the department or to a family support center for assistance under the comprehensive family support program. The department or family support

center shall determine eligibility for the comprehensive family support program in accordance with subsection 3.

5. The department shall adopt rules pursuant to chapter 17A to implement the comprehensive family support program. The comprehensive family support program must do all of the following:

a. To the extent possible, incorporate in the application process the eligibility determination processes that the department uses for other disability services programs.

b. Ensure the ability of families to maintain control of decisions which affect an individual with a disability who is a member of a family.

c. Utilize existing local agencies to provide facilities and a single entry point for program applicants.

d. Ensure services and support are provided in a timely manner and emergency access to needed services and support is provided.

e. Ensure technical assistance is provided to providers and users of services and support.

f. Utilize state, regional, and local media to publicize the program.

g. Incorporate a process to appeal the department's or family support center's denial of services and support to a family under the program, including reasonable efforts by the department to utilize telecommunications in the appeal process.

h. Identify the services and support, and service provider components, included in the program.

i. Upon request by a family member, provide a family with assistance in locating a service provider.

j. Make payment for services and support directly to families by voucher or other appropriate means.

k. Utilize a voucher system for payment for the family support center component of the program under subsection 7.

6. Services and support provided under the comprehensive family support program shall not be used to supplant other services and support available to a family of an individual with a disability but shall be used to meet family needs that will not be met without the program.

7. The comprehensive family support program shall include a family support center component. Under the component, a family member of an individual with a disability shall be assisted by a family support center in identifying the services and support to be provided to the family under the family support subsidy program or the comprehensive family support program. The identification of services and support must be based upon the specific needs of the individual with a disability and the individual's family which are not met by other service programs available to the individual with a disability and the individual's family.

8. The comprehensive family support program shall be funded by appropriations made by the general assembly for purposes of the program. Notwithstanding section 8.33, moneys appropriated for the comprehensive family support program under this section that remain unobligated or unexpended at the close of each fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the immediately succeeding fiscal year.

Sec. 33. CODE EDITOR DIRECTIVE. The Code editor is directed to designate section 231.80, as enacted in this division of this Act, as subchapter VIII of chapter 231 entitled "Comprehensive Family Support Program".

Sec. 34. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 35. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to July 1, 2025.

*DIVISION XVIII
FEDERAL COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT

Sec. 36. 2025 Iowa Acts, chapter 152, section 2, subsection 1, paragraph d, is amended to read as follows:

d. ~~For the federal fiscal year beginning October 1, 2025, and ending September 30, 2026, of~~ Of the moneys allocated to providers under paragraph “c”, 70 percent of the moneys allocated each federal fiscal year shall be distributed by a behavioral health administrative services organization or the department of health and human services to the state’s accredited community mental health centers designated by the department of health and human services under section 225A.3, as enacted by 2024 Iowa Acts, chapter 1161, section 3. Community mental health centers that receive moneys distributed under this paragraph shall use the moneys for the purposes of training staff, providing services to adults with a serious mental illness, or providing services to children with a serious emotional disturbance, and shall bill treatment dollars related to such services to the department of health and human services through the department’s claims system. The department of health and human services shall publish the amounts to be distributed to community mental health centers on the department’s internet site on or before October 1, 2025, and on or before October 1, 2026, and distribute the moneys to the recipients on a quarterly basis. Recipients of the moneys shall submit quarterly reports to the department of health and human services containing data consistent with performance measures approved by the federal substance abuse and mental health services administration.*

DIVISION XIX
DEPARTMENT OF HEALTH AND HUMAN SERVICES — BEHAVIORAL HEALTH
EXPENDITURE REPORT

Sec. 37. **NEW SECTION. 225A.10 Behavioral health services expenditure report.**

No later than December 15 of each year, the department shall submit to the general assembly a summary of the department’s expenditures for behavioral health services for adults and children for the immediately preceding fiscal year, including a summary of which appropriations or funding sources were used to fund the expenditures.

*DIVISION XX
OPIOID SETTLEMENT FUND — FY 2026-2027

Sec. 38. OPIOID SETTLEMENT FUND — DEPARTMENT OF HEALTH AND HUMAN SERVICES.

1. There is appropriated from the opioid settlement fund created in section 12.51 to the department of health and human services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof is as necessary, for the purposes designated:

..... \$ 3,000,000

2. Notwithstanding any provision of law to the contrary, of the moneys appropriated to the department of health and human services under subsection 1, the department shall disburse to an opioid treatment program that operates a facility with at least one hundred fifty licensed beds that provides medical detoxification stabilization and residential substance abuse disorder treatment to support comprehensive addiction and co-occurring mental health treatment, and provides 24-hour medical detoxification, residential treatment, and medication-assisted treatment.

a. Moneys disbursed under this subsection shall be used by the recipient in compliance with the requirements of the national opioid settlement agreements and section 12.51.

b. The recipient shall utilize the indicators and outcomes identified under section 12.51, subsection 2, paragraph “b”, subparagraph (3), subparagraph division (c), to determine whether the services and activities that are funded by the disbursement achieve the

*Item veto; see message at end of the Act

intended outcomes, and shall report the recipient's findings to the department of health and human services.*

DIVISION XXI
GRADUATE MEDICAL EDUCATION

Sec. 39. 2025 Iowa Acts, chapter 120, section 19, is amended to read as follows:

SEC. 19. TRANSFER OF MONEYS. Notwithstanding section 8.33 or any other provision to the contrary, any unobligated or unencumbered moneys in any of the following accounts or funds or constituting any specified appropriation, shall not revert but are appropriated to the department of health and human services to ~~fund Medicaid graduate medical education efforts~~ award grants to start medical residency programs in the state that are not related to the practice of family medicine, are not located in a county which has a population of one hundred fifty thousand or more based on the most recent federal decennial census, and in which the main campus of an institution of higher learning governed by the state board of regents is located.

1. The health care workforce shortage fund created in section 135.175, subsection 1, paragraph “b”, Code 2025.

2. The medical residency training account created in section 135.175, subsection 5, paragraph “a”, Code 2025, except \$298,000 of such moneys is appropriated to the department of health and human services for the purposes of implementing the waiver of Medicaid’s institution for mental diseases exclusion the department must apply for under this 2026 Iowa Act.

3. The nurse residency state matching grants program account created in section 135.175, subsection 5, paragraph “b”, Code 2025.

4. The health care workforce shortage national initiatives account created in section 135.175, subsection 5, paragraph “c”, Code 2025.

5. The family medicine obstetrics fellowship program fund created in section 135.193, Code 2025.

6. Moneys appropriated to the department of health and human services for rural psychiatric residencies to fund psychiatric residents to provide mental health services in underserved areas of the state as described in the following:

a. 2024 Iowa Acts, chapter 1157, section 5, subsection 3, and 2024 Iowa Acts, chapter 1157, section 22, subsection 5.

b. 2023 Iowa Acts, chapter 112, section 5, subsection 4, paragraph “j”, as amended by 2024 Iowa Acts, chapter 1157, section 29.

c. 2022 Iowa Acts, chapter 1131, section 3, subsection 4, paragraph “j”, as amended by 2024 Iowa Acts, chapter 1157, section 23.

d. 2021 Iowa Acts, chapter 182, section 3, subsection 4, paragraph “j”.

e. 2019 Iowa Acts, chapter 85, section 3, subsection 4, paragraph “j”, as amended by 2020 Iowa Acts, chapter 1121, section 19.

DIVISION XXII
MEDICAID REIMBURSEMENT RATE — SPECIAL POPULATION NURSING FACILITIES

Sec. 40. Section 249A.2, Code 2026, is amended by adding the following new subsection:

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

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

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

*Item veto; see message at end of the Act

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

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

Sec. 41. NEW SECTION. 249A.38C Medicaid reimbursement rate — special population nursing facilities.

The provider reimbursement rate for each special population nursing facility must be the special population nursing facility's average allowable per diem costs as adjusted in compliance with applicable federal laws and regulations, including the upper payment limits specified in 42 C.F.R. §447.272(b). If a special population nursing facility subject to this section increases the special population nursing facility's number of beds or expands to provide additional services on or after July 1, 2026, the reimbursement rate in this section shall apply to such additional beds or services.

Approved June 2, 2026, with exceptions noted.

KIM REYNOLDS, *Governor*

Dear Mr. Secretary:

I hereby transmit House File 2782, an Act relating to and making appropriations to the department of veterans affairs and the department of health and human services, including aging and disability services, behavioral health, public health, and community access and eligibility; the medical assistance program, state supplementary assistance, hawki, and other health-related programs; family well-being and protection; state-operated specialty care; administration and compliance; transfers, cash flow, and nonreversions; report on nonreversion of moneys; more options for maternal support program; reimbursement rates review; mental diseases exclusion waiver; full-time equivalent dashboard; comprehensive family support program; federal community mental health services block grant; behavioral health expenditure report; opioid settlement fund; emergency rules; graduate medical education; and special population nursing facilities; and including effective date and retroactive applicability provisions.

House File 2782 is approved this date with the following exceptions:

- Division XVIII involves a federal community mental health services block grant. When I signed behavioral health system redesign, House File 2673, into law in 2024, I committed to building a stronger, more coordinated behavioral health system. With bipartisan support, we established a comprehensive approach to behavioral health prevention, early intervention, treatment, recovery, and crisis services for all Iowans.

Upon enactment, Iowa HHS engaged stakeholders statewide to bring the law's vision to life. Feedback from providers, law enforcement, legislators, local leaders, individuals, and families informed both the development of the plan and, on July 1, 2025, the implementation of Iowa's first statewide behavioral health service system. We chartered a clear path toward a north star vision: streamlined access, consistent care, stronger coordination at every level, and reduced administrative burdens for our providers. Through Behavioral Health District Advisory Councils, monthly virtual Town Hall meetings, and roundtable conversations, ongoing stakeholder feedback now helps guide our assessment of progress and outcomes and will inform our future plans.

In 2025, Senate File 626 modernized Iowa's use of federal Mental Health Block

Grant (MHBG) funds. For more than 20 years, 70 percent of MHBG funds were required to pass directly to Community Mental Health Centers (CMHCs), despite CMHCs not offering the full range of services needed across the state and the allocation not being tied to need or outcomes. Senate File 626 removed this passthrough beginning in FY27, allowing Iowa to focus MHBG investments on areas of high need, expand training for all safety net providers, and more strategically invest to improve outcomes statewide.

To support the FY27 transition, Iowa HHS adjusted the behavioral health safety net fee schedule so CMHCs and Certified Community Behavioral Health Clinics (CCBHCs) now receive 100 percent of Medicaid enhanced CMHC rates, effectively reimbursing at rates that are 15 to 50 percent higher than other behavioral health providers. Additional funds to sustain safety net access will continue to flow through the Behavioral Health Administrative Service Organization (BHASO) contracts to ensure funding is aligned with Iowa's statewide plan.

Iowa HHS has fully prepared for the changes directed in Senate File 626 and remains committed to ensuring investments are aligned with local need, achieve the greatest impact, and comply with federal requirements. Adhering to the framework built by House File 2673 and the intentional planning directed by Senate File 626 will continue to move our state toward maximizing the impact of all available funding.

- Division XX involves the opioid settlement fund. Since I signed House File 1038 following the 2025 General Assembly, Iowa HHS has worked diligently to establish a competitive, accessible and fair process for allocation of opioid settlement funds. The process empowers providers and partners of all types and sizes to clearly and transparently apply for and receive funding to address the impacts of the opioid crisis in Iowa – without having to hire a lobbyist to secure an earmark.

After two years of discussion, House File 1038 directed that 75 percent of the state's ongoing share of opioid settlement funds be allocated to Iowa HHS. The legislation also required the department to gather local feedback through the local Behavioral Health District Advisory Councils regarding disbursement of funds, intended outcomes, and recommendations for future investment and submit a report and recommendations annually to the legislature. Iowa HHS submitted its first annual report and recommendations to the legislature in November 2025; that report remains publicly available on the legislative website.

Since enactment, Iowa HHS has worked proactively to allocate its share of funds swiftly and directly to synergize effort in communities all across Iowa. Between the passage of the bill and the end of FY25, the department invested \$26M into initiatives identified in the legislation. By the end of FY26, Iowa HHS anticipates an additional \$20M, allocated through three competitive procurements, will be invested to combat the opioid crisis in Iowa. Iowa HHS' investments, thus far totaling \$46M, have focused on a wide range of projects including youth prevention, building and training specialized treatment and crisis response teams, and expanding recovery housing.

The competitive process envisioned is now in place. As directed by the legislature in House File 1038, work has been established with the direct input of Behavioral Health District Advisory Councils. To ensure ongoing connection, Behavioral Health District Advisory Council members assisted in application review for grant funding. This collaborative approach ensures that the state's investments align with local need, target the most effective opportunities, and remain fully compliant with the requirements of the opioid settlement agreement and the process set up by HF1038. In this instance, this project was not awarded a grant through the competitive process. Iowa HHS will continue to utilize this process to open

additional funding opportunities, reflecting the ongoing and evolving work required to address the impacts of the opioid crisis on Iowans.

For the above reasons, I disapprove those parts of House File 2782 as specified above, in accordance with Article III, Section 16, of the Constitution of the State of Iowa. The remainder of House File 2782 is approved as of this date.

Sincerely,
KIM REYNOLDS, *Governor*