



Fiscal Services Division

ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

November 8, 2013

Iowa Code section 17A.4(4) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at http://staffweb.legis.state.ia.us/lfb/docs/Admin_Rules/artfiscal_notes.htm

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*Agencies highlighted in yellow have one or more rules with a fiscal impact of \$100,000 per year or more.

College Student Aid Commission

ARC 1123C

Rule Summary Amends rules to reflect changes to the Commission's address. Updates the process for requests from the public to address the Commission. Updates terminology, and removes outdated language pertaining to an advisory council.

Fiscal Impact No fiscal impact.

ARC 1122C

Rule Summary Provides new definitions of "Federal active duty" and "State-defined payment period" and amends rules regarding late applications for the National Guard Educational Assistance Program. Authorizes the Adjutant General to accept applications from otherwise eligible members of the National Guard that miss the application deadline for the Program but that were on active duty at the deadline. This provision implements SF 332, enacted in the 2013 Legislative Session.

Fiscal Impact No fiscal impact.

ARC 1121C

Rule Summary Implements the Rural Iowa Primary Care Loan Repayment Program, established in HF 2458 during the 2012 Legislative Session. Funding provided for FY 2013 (\$106,000) was insufficient to initiate the program. Due to additional funding in FY 2014, administrative rules are now being promulgated. The Program provides loan repayments up to \$50,000 annually for no more than a four-year period. Qualifying individuals must be pursuing a doctor of medicine degree at the University of Iowa College of Medicine or a doctor of osteopathy degree at Des Moines University. Qualifying participants must agree to serve in specific rural communities for five years.

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Fiscal Impact The Program received a \$1.6 million General Fund appropriation for FY 2014. The Commission received a General Fund appropriation for administration of \$233,000 in FY 2014. This appropriation occurs annually. Program administration costs exceeding that appropriation are funded from the Commission's operating budget.

ARC 1120C

Rule Summary Implements the new Rural Iowa Advanced Registered Nurse Practitioner and Physician Assistant Loan Repayment Program, established in HF 604 during the 2013 Legislative Session. The Program provides loan repayments of up to \$5,000 annually for no more than a four-year period for qualifying individuals pursuing a doctorate of nursing practice degree or a masters of physician assistant studies degree. Qualifying participants must agree to serve in specific rural communities for five years.

Fiscal Impact The Program received a \$400,000 General Fund appropriation for FY 2014 to fund loan repayments. The Commission received a General Fund appropriation for administration of \$233,000 in FY 2014. This appropriation occurs annually. Program administration costs exceeding that appropriation are funded from the Commission's operating budget.

STAFF CONTACT: Robin Madison (Ext. 15270)

Economic Development Authority

ARC 1098C

Rule Summary Updates existing rules pursuant to HF 615 (Innovation Fund Investment Tax Credit Act). Adds new eligibility criteria for certification of innovation funds, new requirements for the administration of the certification process and maintenance of fund certification, and a description of the circumstances where a fund's certification may be revoked. Increases the tax credit percentage that a taxpayer may claim from the current 20.0% of the equity investment to 25.0%. Changes how tax credits may be claimed, makes the tax credits transferable, and eliminates the requirement that taxpayers wait three years before redeeming the credits.

Fiscal Impact The estimated decrease to General Fund revenue due to changes in the program is:

- FY 2015: \$8.0 million
- FY 2016: \$8.0 million
- FY 2017: \$5.3 million
- FY 2018: \$2.6 million
- FY 2019: \$0.0 million

The estimated General Fund decrease for FY 2015 is \$8.0 million less than in previous estimates for HF 615. While the enhancements to the Innovation Fund Investment Tax Credit were made retroactive so as to allow up to \$8.0 million in credits to be awarded prior to July 1, 2013, the Department did not award any Innovation Fund credits in that timeframe. This reduced the estimated fiscal impact for awards that may be claimed in FY 2015 by \$8.0 million.

STAFF CONTACT: Kent Ohms (515-725-2200) kenneth.ohms@legis.iowa.gov

Educational Examiners Board

ARC 1085C

Rule Summary Corrects a mistake in the recently amended rule 282 – 13.28(17), the “all science” endorsement. In the previous rule-making documents, the endorsement was mistakenly titled “All science 9-12”. Corrects rule language to “All science 5-12.”

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Fiscal Impact No fiscal impact. **ARC 1087C**

Rule Summary Creates more precise guidelines for districts regarding the length of time a licensee with a substitute authorization may serve in one classroom.

Fiscal Impact No fiscal impact.

Rule Summary Requires proper authorization from the Board for individuals that perform the duties of a School Administration Manager (SAM). Accompanies rule 281-82, Standards for School Administration Manager Programs, adopted by the Department of Education. **ARC 1086C**

Fiscal Impact No fiscal impact.

STAFF CONTACT: John Parker (Ext. 52249)

Department of Education

Rule Summary Modifies rules pertaining to school calendar requirements to conform to legislation enacted in HF 215 (Education Reform Act) enacted during the 2013 Legislative Session. This provision allows school districts to implement a school calendar of 180 days or 1,080 hours. The provision applies to the school year beginning July 1, 2014. **ARC 1115C**

Fiscal Impact There is no fiscal impact to the State General Fund. School districts may be able to reduce costs of operations due to the choice of school calendar options.

Rule Summary Defines competency-based instruction and clarifies the awarding of credit for students that are engaged in competency-based learning. Instead of being awarded credit based upon the amount of time that a class meets, students in this instructional model receive credit when they demonstrate proficiency in the class topic. **ARC 1116C**

Fiscal Impact No fiscal impact.

Rule Summary Permits Iowa nonpublic schools to select independent accrediting agencies to perform their regulatory review. This is in response to HF 215. Nonpublic schools can choose from a list of up to six independent accrediting agencies to perform the regulatory review. The State Board of Education approves the independent accrediting agencies and lists the approved agencies on their website. The rules will expire on July 1, 2020. **ARC 1118C**

Fiscal Impact No fiscal impact.

Rule Summary Allows parents choosing private instruction to enroll their child in competent private instruction, independent private instruction, or private instruction by a nonlicensed person (also deemed a form of competent private instruction for certain purposes). Updates the access to and the costs of annual achievement evaluations for students under private instruction. These changes implement HF 215. In addition, the amendment aligns the chapter with the requirements of special education law and makes a technical correction concerning blood lead testing. **ARC 1126C**

Fiscal Impact No fiscal impact.

ARC 1117C

Rule Summary Outlines the process to select institutions in the Teach Iowa student teaching pilot project established by HF 215. The Teach Iowa student teaching pilot project provides students in teacher preparation programs with a one-year student teaching experience. Two institutions, one from the Regents and one from an accredited private institution, must establish a full year student teaching preparation program pilot. The rule provides the structure on how those sites will be selected and how the pilot will be enacted at those sites for the duration of the project.

Fiscal Impact House File 604 (FY 2014 Education Appropriations Act) appropriates \$6.8 million for Education Reform provisions in HF 215. The Act allocates \$1.0 million of the \$6.8 million to be used to establish the Teach Iowa student teaching pilot project.

ARC 1119C

Rule Summary Modifies supplementary weighting rules for shared operational functions to conform to legislation enacted in HF 472 (Shared Operational Functions Act). The Act extends, modifies, and expands the current shared operational function supplementary weighting provisions provided through the school aid formula for FY 2015 through FY 2020. The rule requires that in order for a district to be eligible for the supplementary weighting provision, the district must have an FTE position total for that specific shared operational function area no greater than the FTE level the district had in FY 2013.

Fiscal Impact The fiscal impact provided in HF 472 estimated a total funding level of \$12.5 million in FY 2015 (including \$10.9 million in State aid and \$1.6 million in local property taxes) and a minimum of \$15.8 million in FY 2016 (including \$13.8 million in State aid and \$2.0 million in local property taxes). Note that the original estimates were based on a 0.0% allowable growth rate for FY 2014 and FY 2015. Adjusting for a 2.0% allowable growth for FY 2014 and a 4.0% allowable growth rate for FY 2015, the estimated amount for shared operational functions is \$13.2 million (\$11.6 million State aid and \$1.6 million property tax) in FY 2015 and a minimum of \$16.6 million (\$14.7 million State aid and \$1.9 million property tax) in FY 2016. The amounts were estimated to be at or above the FY 2016 levels in future fiscal years.

Based on the level of interest indicated by school districts and pending DE rules, the actual fiscal impact is currently unknown. The Department is currently in the process of collecting data for implementation of this provision and final results are not anticipated to be available until December 2013.

The following table (next page) provides scenarios of the potential fiscal impact based on different levels of implementation. Additionally, the last column provides the average amount of funding per discrete operational function.

Scenarios: Shared Operational Function Supplementary Weighting and Funding Levels						
Number of Districts with Weighting	Number of Shared Operational Functions Per District	Weighting Total	Total Funding (in Millions)	State Aid Portion (in Millions)	Local Property Tax Portion (in Millions)	Total Funding Per Discrete Operational Function
181	1	2,621.79	\$ 16.6	\$ 14.7	\$ 2.0	\$ 91,777
181	2	4,111.38	26.0	23.0	3.1	71,961
181	3	5,248.39	33.3	29.3	3.9	61,241
181	4	5,923.00	37.5	33.1	4.4	51,834
181	5	6,325.20	40.1	35.4	4.7	44,283
346	1	6,385.16	40.5	35.7	4.8	116,926
346	5	12,798.38	81.1	71.5	9.5	46,873

Amounts displayed are for comparison purposes only used to provide funding amounts at different levels of implementation.
 Funding amounts are based on the FY 2015 State cost per pupil amount of \$6,366.
 Totals may not sum due to rounding.

STAFF CONTACT: John Parker (Ext. 52249) and Shawn Snyder (Ext. 17799)

Environmental Protection Commission

ARC 1100C

Rule Summary Changes rules related to underground storage tank (UST) regulation as administered by the Department of Natural Resources (DNR) and includes:

- Allows current in-line leak detection methods to be used when the UST facility is unattended. This includes additional requirements to ensure that detected releases are addressed.
- Allows for immediate shutdown of the submersible pump when a release is detected.
- Allows for the restriction of the flow of product or the triggering of an audible or visual alarm when a leak is detected and either notification to, or a daily visit by, the facility's operator or designee. Notification can occur either by immediate electronic communication of a release from the leak detection monitor, or by signage at the site with a phone number directing the customer to call the Class B operator or designee when a potential release is indicated.

Fiscal Impact No fiscal impact. This rulemaking is the result of the DNR working with stakeholders to identify leak detection methods that are both cost-effective and environmentally protective.

Rule Objection The ARRC objected to ARC 8469B related to UST regulation on February 8, 2010. The Committee felt the rules exceeded the authority delegated to the DNR.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Department of Homeland Security and Emergency Management

ARC 1093C

Rule Summary Provides a new adopted date for an Iowa Hazard Mitigation Plan. The plan is reviewed and approved by the Federal Emergency Management Agency (FEMA) every three years and is required for States to be eligible for federal funds in the future.

Fiscal Impact No fiscal impact. Updating the plan maintains Iowa's eligibility for FEMA disaster recovery funding in the event there is a major disaster declaration.

Rule Summary Adopts new rules for the Flood Mitigation Program created in [SF 2217](#) (FY 2013 Flood Mitigation Program Act), enacted during the 2012 Legislative Session, managed by the Department of Homeland Security and Emergency Management (HSEMD). **ARC 1114C**

Background: The Flood Mitigation Program provides two sources of funding for flood mitigation projects approved by the Flood Mitigation Board. Funding is from the Flood Mitigation Fund or the Sales Tax Increment Fund. The Flood Mitigation Fund consists of appropriations and other moneys deposited in the Fund and the Sales Tax Increment Fund receives deposits of increased sales tax revenues from areas with approved projects, as calculated by the Department of Revenue. The Flood Mitigation Board will determine the funding source for approved projects. The Program is administered by the HSEMD. The Department of Revenue is responsible for calculating sales tax increment funding for approved projects. The Department of Revenue will also remit moneys to governmental entities with approved projects.

Rule includes:

- Beginning January 1, 2014, approved projects can receive funding from the Sales Tax Increment Fund.
- Adds definitions for the Flood Mitigation Program.
- Details the methods for calculating increased quarterly sales tax increment revenues and the amount that will be transferred to the Sales Tax Increment Fund.
- Specifies the reporting requirements for approved governmental entities that receive funding from the Sales Tax Increment Fund.
- Details the method for reducing Sales Tax Increment revenue to approved projects when the nonpublic investment requirements are not met.

Rule changes since filed as Notice [ARC 0956C](#):

There was a public hearing on September 12, 2013, and two comments were made.

- The Flood Mitigation Board reviewed the rules on September 23, 2013.
- As a result of the hearing, wording related to the report a government entity requests from the Department of Revenue was changed from "an estimate of the projected annual sales tax increment for the proposed project" to "recent historical data on sales tax revenue and trends in sales tax revenue growth."

Fiscal Impact The Department of Homeland Security and Emergency Management is the State agency filing administrative rules on behalf of the Flood Mitigation Board.

The maximum amount a governmental entity can receive is \$15.0 million per fiscal year. The total amount that can be awarded to all governmental entities is \$30.0 million per fiscal year. All projects will be approved by January 1, 2016. Funding for projects with money from the Sales Tax Increment Fund will decrease the General Fund by the amount awarded.

Currently, no projects have been approved but the following cities have made inquiries to the Department of Revenue about the Program: Cedar Rapids, Dubuque, Waverly, Coralville, and Iowa City.

No money has been appropriated to the Flood Mitigation Fund and with no approved projects; there is no money in the Sales Tax Increment Fund. The Department of Revenue will incur additional expense related to the Sales Tax Increment Fund; however, the amount is unknown at this time.

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Iowa Finance Authority

ARC 1144C
Rule Summary Amends rules to eliminate specific categories of projects within the Multifamily Housing Loan Program. Fees are also amended.

Fiscal Impact Since many of the projects originated under the Low Income Housing Tax Credit Program are associated with the Multifamily Loan Program, and fees are generally only charged with one program per project, no fiscal impact is anticipated with the adjusted fees.

ARC 1139C
Rule Summary Adopts by reference the 2014 Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit Program in order to replace the 2013 QAP. Information on the 2014 QAP can be found at (<http://www.iowafinanceauthority.gov/Public/Links/PC206>).

Fiscal Impact No fiscal impact.

ARC 1141C and 1142C
Rule Summary Amends the Military Home Ownership Assistance Program to allow a recipient to use a loan from a lender that is at least 25 points lower than those offered through Iowa Finance Authority Programs offered on the same date.

Fiscal Impact No fiscal impact.

ARC 1140C
Rule Summary Amends the chapter on the HOME Partnership Program to provide general clarification of rules as well as updating and adding definitions.

Fiscal Impact No fiscal impact.

ARC 1113C and ARC 1112C
Rule Summary Adopts rules for programs from the former Iowa Agricultural Development Authority that was moved to the Iowa Finance Authority (IFA). Creates the Agricultural Development Division within the IFA (2013 Iowa Acts chapter 100—Iowa Agricultural Development Authority Transfer Act).

Fiscal Impact No fiscal impact.

STAFF CONTACT: Kent Ohms (Ext. 52200)

Labor Services Division

ARC 1159C
Rule Summary Amends the definition of a certified elevator inspector (CEI).

Fiscal Impact No fiscal impact.

ARC 1158C
Rule Summary Increases the fees for Operating Permits, New Installation Permits, and Periodic Inspection Permits under the Elevator Safety Board. Conveyance operating permits are increased by \$25. The inspection fee increases vary by the type of conveyance being inspected or installed.

Fiscal Impact Based on historical permit issuance and inspections, the fee increases may generate an additional \$500,000 for the Elevator Safety Revolving Fund.

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ARC 1108C

Rule Summary Adopts by reference the most recent version of the American Society of Mechanical Engineers (ASME) A18.1 “Safety Standard for Platform Lifts and Stairway Chairlifts.”

Fiscal Impact No fiscal impact.

ARC 1160C

Rule Summary Creates a new chapter to implement bidder preferences on government contracting pursuant to 2011 Iowa Acts chapter 133 (FY 2012 Infrastructure Appropriations Act).

Fiscal Impact No fiscal impact.

ARC 1107C

Rule Summary Creates a new General Requirements for Athletic Events (Boxing, Mixed Martial Arts, and Wrestling) chapter to set forth standardized rules for promoter responsibilities and administrative requirements for all events and establishes fees pursuant to 2013 Iowa Acts SF 430 (FY 2014 Economic Development Appropriations Act). Repeals previous rules related to fees and administration. Amends miscellaneous provisions. The amount of health insurance coverage required by a promoter for each fighter is decreased from \$25,000 to \$10,000. Boxing Fee Grants are amended to only include revenue from professional boxing events.

Fiscal Impact Minimal fiscal impact. These new fees are estimated to generate approximately \$50,000 annually for the Amateur Boxing Grants Fund.

STAFF CONTACT: Kent Ohms (Ext. 52200)

Department of Public Health

ARC 1089C

Rule Summary Adopts the Uniform Plumbing Code 2012 edition by reference, identifies plumbing fixtures for specific type of buildings, and updates backflow prevention and containment guidelines.

Fiscal Impact No fiscal impact.

ARC 1128C

Rule Summary Identifies fees that are applicable to initial licenses, reciprocal licenses, and renewal licenses. In addition, all licenses are issued for a period of three years and remain valid until June 29, 2017. Those renewing for less than three years will be prorated. Late fees and requirements for lapsed licenses are also included. A fee for converting an HVAC-refrigeration or hydronics license to a mechanical license are also included. As of July 1, 2017, all licenses will renew on the same date.

Fiscal Impact Minimal fiscal impact.

Fee changes will generate an estimated \$80,000 in new revenue that will be dispersed over three years. Funds are deposited in the Plumbing and Mechanical Systems Board Fee Fund. The increases will not exceed operating costs and are to align fees with the expenditures of the licensing program.

STAFF CONTACT: Estelle Montgomery (Ext. 16764)

Department of Revenue

	ARC 1162C
Rule Summary	Requires an interest rate of 5.0% per annum (0.4% per month) for unpaid taxes and refunds owed for the 2014 calendar year. Iowa Code section <u>421.7</u> requires the Director of Revenue to determine and publish the interest rate for each calendar year.
Fiscal Impact	No fiscal impact. The interest rate has remained unchanged since calendar year 2010. The rate is 2.0% above the average prime rate as defined in Iowa Code section <u>421.7(5)</u> for the period from October 1, 2012, through September 30, 2013.
	ARC 1101C
Rule Summary	Makes rule changes to reflect recent changes in the Iowa Code: <ul style="list-style-type: none">• Updates numerous citations and dates.• Updates the list of bonds issued by the State or political subdivisions where the interest income is exempt for both federal and Iowa income tax.• States that bonus depreciation does not apply for Iowa individual income tax, corporate income tax, and franchise tax for assets acquired in 2013.• Provides that the increase in the expensing allowance for qualifying property authorized in section 179(b) of the Internal Revenue Code be allowed for Iowa individual income tax, corporate income tax, and Iowa franchise tax for the 2012 and 2013 tax years.• Rescinds and reserves subrules 41.3(5) and 41.3(6) that are outdated.• Provides that the election to deduct state sales and use tax as an itemized deduction for individual income tax is available for the 2012 and 2013 tax years.• Provides for changes in the criteria for partnerships, limited partnerships, and limited liability companies that are required to file Iowa partnership returns. <p>These rules implement Iowa Code sections <u>422.7</u>, <u>422.9</u>, <u>422.35</u>, and <u>422.61</u> as amended by 2013 Iowa Acts, <u>HF 575</u> (2013 Iowa Department of Revenue Technical Act); Iowa Code sections <u>15.335</u>, <u>422.3</u>, <u>422.9</u>, <u>422.10</u>, <u>422.32</u> and <u>422.33</u> as amended by 2013 Iowa Acts, <u>SF 106</u> (Internal Revenue Update Act); and Iowa Code section <u>422.15</u> as amended by 2013 Iowa Acts, <u>SF 452</u> (Standings Appropriation Act).</p>
Fiscal Impact	These amendments will result in an estimated reduction in General Fund revenue of \$35.5 million for FY 2014 and \$13.2 million for FY 2015.
	ARC 1137C
Rule Summary	Makes numerous changes due to an agency review and the enactment of <u>HF 609</u> (Probate Omnibus Act) during the 2012 Legislative Session. These changes include: <ul style="list-style-type: none">• Clarifications, updates, additions of examples, and rescinds rules.• Eliminates the requirement that the Department be notified of the balance in a joint account on the date of a deceased joint owner's death.• Removes the requirement that a copy of the affidavit setting forth the legal description of the real property and the fact that an Iowa inheritance tax return is not required to be filed with the Department when the real estate does not pass through probate administration and the persons succeeding to an interest in real property files a copy of the affidavit with the county.• Clarifies that a single inheritance tax return is required and a preliminary inheritance tax return is no longer required.• Clarifies that step grandchildren are not lineal ascendants or descendants for inheritance.• Requires the term "SUPPLEMENTAL" to be printed on the top front page of a supplemental inheritance tax return.• Adds that a nonresident decedent's interest in a corporation, Limited Liability Company (LLC) or partnership that owns real or tangible property in Iowa that is

titled in the name of a business entity is not subject to inheritance tax since it is intangible personal property. Tangible personal property in Iowa that is distributed in kind from the estate is not subject to inheritance tax if the aggregate of all tangible personal property in the estate is less than \$5,000.

- Updates the examples for a subrule dealing with gifts made by the donor prior to death.
- Clarifies that annuity growth (earnings) is taxable.
- Adds a rule to explain when inheritance tax resulting from being a beneficiary of a retirement plan is applied.
- Provides up-to-date mortality tables.
- Increases the time the Department has to request an appraisal related to an inheritance tax return from 30 days to 60 days.

Fiscal Impact

No fiscal impact. There are no changes affecting the amount of tax due, and no new administrative burdens are created for the Department.

ARC 1138C

Rule Summary

Implements the following 2013 legislation:

- HF 599 (Beginning Farmer Loan Program Act)
- HF 620 (Economic Development Authority Tax Related Changes Act)
- SF 433 (Targeted Jobs Withholding Changes Act)
- SF 436 (Historic Property Tax Credits Act)
- SF 452 (FY 2014 Standings Act)

Makes the following changes:

1. Adopts new subrule 41.5(17) to explain that a person who claims the From Farm to Food Donation Tax Credit for individual income tax purposes cannot claim an itemized deduction for Iowa tax purposes.
2. Amends subrule 42.19(3) to reflect changes made to the Historic Preservation and Cultural and Entertainment District Tax Credit for individual income tax pursuant to 2013 Iowa Acts, SF 436.
3. Amends the implementation sentence for rule 42.19 (404A. 422).
4. Amends rule 42.24 (15E.422) to reflect the increase in the Endow Iowa Tax Credit for individual income tax for tax years beginning on or after January 1, 2012.
5. Updates the implementation sentence for rule 42.24 (15E.422).
6. Amends rule 42.36 (175, 422) to reflect changes made to the Agricultural Assets Transfer Tax Credit and the addition of a new Custom Farming Contract Tax Credit for individual income tax for tax years beginning on or after January 1, 2013.
7. Adopts new rule 42.51 (422, 85GA, SF452), that explains the new From Farm to Food Donation Tax Credit for individual income tax for tax years beginning on or after January 1, 2014, established pursuant to 2013 Iowa Acts, SF 452.
8. Amends rule 46.10 (403) to reflect changes made to the Targeted Jobs Withholding Tax Credit pursuant to 2013 Iowa Acts, SF 433.
9. Updates the implementation sentence for rule 46.10 (403).
10. Amends subrule 52.18(3) to reflect changes made to the Historic Preservation and Cultural and Entertainment District Tax Credit for corporate income tax pursuant to 2013 Iowa Acts, SF 436. This change is similar to Item 2.
11. Updates the implementation sentence for rule 52.18 (404A, 422).
12. Amends rule 52.23 (15E, 422) to reflect the increase in the Endow Iowa Tax Credit for corporate income tax for tax years beginning on or after January 1, 2012. This change is similar to Item 4.
13. Updates the implementation sentence for rule 52.23 (15E.422).

14. Amends rule 52.33 (175, 422) to reflect changes made to the Agricultural Assets Transfer Tax Credit and the addition of a new Custom Farming Contract Tax Credit for corporate income tax for tax years beginning on or after January 1, 2013. This change is similar to Item 6.
15. Adopts new rule 52.45 (422, 85GA, SF452), that explains the new From Farm to Food Donation Tax Credit for corporate income tax for tax years beginning on or after January 1, 2014, established pursuant to 2013 Iowa Acts, SF 452. This change is similar to Item 7.
16. Amends rule 58.13 (15E, 422) to reflect the increase in the Endow Iowa Tax Credit for franchise tax for tax years beginning on or after January 1, 2012. This change is similar to Items 4 and 12.
17. Updates the implementation sentence for rule 58.13 (15E, 422).

Fiscal Impact

The following fiscal impacts match fiscal note estimates and Notes on Bills and Amendments (NOBA):

- The Agricultural Assets Transfer Tax Credit, and Custom Farming Contract Tax Credit, will result in an estimated decrease of General Fund revenue of \$1.1 million in FY 2014 and \$2.4 million in FY 2015 (HF 599).
- The Targeted Jobs Withholding Tax Credit will result in an estimated decrease to General Fund revenue of \$1.0 million in FY 2014 and \$3.1 million in FY 2015 (SF 433).
- The Endow Iowa Tax Credit will result in an estimated decrease of General Fund revenue of \$1.2 million in FY 2014 and \$1.5 million in FY 2015 (HF 620).
- The Farm to Food Donation Tax Credit will result in an estimated decrease to General Fund revenue of \$130,000 in FY 2015 and \$193,000 in FY 2016 (SF 452).

Rule Summary

ARC 1102C

Implements seven tax law changes enacted during the 2013 General Assembly.

Items 1 and 2 amend subrule 42.13(2) to reflect an increase in the Iowa earned income tax credit for individual income tax for tax years beginning on or after January 1, 2013. (SF 295 - Property Tax and Income Tax Credit Act of 2013)

Items 3 and 14 provide for changes in the Innovation Fund Investment Tax Credit for tax years beginning on or after January 1, 2013. (HF 615 - Innovation Fund Tax Credit Act of 2013)

Items 4, 5, 6, and 15 provide for the increase in the cap for the school tuition organization tax credit starting with the 2014 tax year and specifies that partnerships, limited liability companies, S corporations, estates, and trusts are eligible to claim the school tuition organization tax credit for tax years beginning on or after January 1, 2013. (HF 625 - Sales Tax and School Tuition Tax Credit Act of 2013)

Items 7, 8, 16, and 17 provide for an increase in the redevelopment tax credit for fiscal years beginning on or after July 1, 2012. (HF 620 - Economic Development Annual Tax Credit Limit Act of 2013)

Items 9 and 18 reflect the increase in the aggregate tax credit limit for certain economic development programs for fiscal years beginning on or after July 1, 2012. (HF 620 - Economic Development Annual Tax Credit Limit Act of 2013)

Item 10 provides for the new Iowa Taxpayers Trust Fund Tax Credit for individual income tax for tax years beginning on or after January 1, 2013. (SF 295 - Property Tax and Income Tax Credit Act of 2013)

Items 11, 12, 13, and 19 provide that estates and trusts that are legally located in Iowa and are shareholders in S corporations and conduct business within and without Iowa be entitled to take advantage of the apportionment provisions of S corporation income tax that is currently available to Iowa resident shareholders of S corporations. (SF 452 - Standings Appropriation Act of 2013)

Fiscal Impact

This administrative rule implements several tax law changes enacted during the 2013 General Assembly. The fiscal impacts to the General Fund of the various tax law changes is detailed below, and reflect reduced revenue. With the exception of HF 615, all estimates match the original estimated fiscal impact. The original estimate for HF 615 assumed \$8.0 million in tax credits would be awarded in FY 2013. No tax credits under this program were awarded in FY 2013.

Fiscal Impact (In Millions of Dollars)					
Item	Act	FY 2014	FY 2015	FY 2016	FY 2017
Earned Income Tax Credit	SF 295	\$ -30.2	\$ -34.5	\$ -33.3	\$ -32.7
Innovation Fund Tax Credit	HF 615	0.0	-8.0	-8.0	-5.3
School Tuition Tax Credit	HF 625	0.0	-2.5	-3.1	-3.2
Redevelopment Tax Credit*	HF620	0.0	0.0	0.0	0.0
Economic Development Tax Credit Limit	HF 620	-0.6	-2.8	-7.1	-13.3
Taxpayer Trust Fund	SF 295	-88.1	-67.5	0.0	0.0
S-Corp Apportionment	SF 452	-0.2	-0.2	-0.2	-0.2

*Impact of the Redevelopment Tax Credit changes is included with the Economic Development Tax Credit Limit.

ARC 1105C

Rule Summary

Implements changes required by 2013 Iowa Acts, SF 451 (Water Utility Replacement Tax), that created a replacement tax imposed on rate-regulated water utilities. The rules provide for the filing of tax returns, data reporting, payment to the county treasurer, a three-year limitation for the Department of Revenue to identify filing errors with the option of extending the period by agreement of both the Department and the taxpayer, adjustments to returns, refunds, records retained by the taxpayer and auditing of the records, and related items. The public open records laws apply to filed information.

Fiscal Impact

There is one rate-regulated water utility. Revenues to the State General Fund will increase by less than \$4,500.

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ARC 1103C

Rule Summary Matches ARC 1114C filed under the Homeland Security Division. This rule is summarized on page six of this document.

Fiscal Impact The estimated fiscal impact of this rule matches ARC 1114C on page six of this document.

STAFF CONTACT: Dw ayne Ferguson (Ext. 16561) Ron Robinson (Ext. 16256)

Treasurer of State

ARC 1109C

Rule Summary Specifies requirements that State agencies must follow to ensure public funds of the State are secured as required by Iowa Code chapter 12C.

Fiscal Impact No fiscal impact. Potential increased vendor costs due to vendors not being able to hold public dollars in their own bank accounts. All public funds must flow directly into a State Treasurer's account in an Iowa financial institution.

STAFF CONTACT: Ron Robinson (Ext. 16256)

Iowa Department of Veterans Affairs

ARC 1157C

Rule Summary Updates definitions and language to match State law changes in House File 544 (Veterans Home Act).

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

Department of Workforce Development

ARC 1094C

Rule Summary Amends rules to allow parties to file unemployment insurance appeals online using a form that will be on the Iowa Workforce Development website.

Fiscal Impact No fiscal impact.

ARC 1095C

Rule Summary Provides that a party that appeals a decision but does not participate in the appeal hearing may have the appeal dismissed at the discretion of the presiding officer. The appealing party may request to reopen the hearing if that party had good cause for failing to appear. Also makes technical corrections.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Kent Ohms (515-725-2200)

Department of Human Services

ARC 1129C

Rule Summary Implements provisions of the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 that are collectively referred to as the Affordable Care Act (ACA), pursuant to federal regulations published July 15,

2013, and the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

The ACA establishes an exchange, a governmental agency or non profit entity, that makes qualified health plans available to qualified individuals and qualified employers. Unless otherwise identified, this term refers to state exchanges, regional exchanges, subsidiary exchanges, and a federally facilitated exchange. The exchanges will have their own appeals process.

Based on the ACA, changes were made to the appeals process for Medicaid and Healthy and Well Kids in Iowa (hawk-i). The timeframe to file an appeal was extended from 30 to 90 calendar days. This allows more time to file an appeal regarding Medicaid and hawk-i cases and matches the appeal timeframes for filing an appeal with the exchange. In addition, changes were made to modernize the way an appellant or their representative may request an appeal and withdraw a request for hearing.

The proposed regulations define the term "authorized representatives" and describes who can be an authorized representative and their responsibilities. Other new definitions were added to better define new terms from the ACA.

Overall, the proposed rule changes are not necessarily modifications in the appeals process.

Fiscal Impact The fiscal impact for changes to the appeals process cannot be determined, but are anticipated to be minimal. These changes are required by federal law.

Rule Summary Defines core services that Mental Health and Disability Services (MHDS) regions must offer to eligible individuals. Also defines access standards and provider practice standards for these services are also defined. **ARC 1096C**

Fiscal Impact No fiscal impact.

Rule Summary Makes the following changes: **ARC 1145C**

- Incorporates the regional administrator system into the operation of the affected Department of Human Services (DHS) facilities for mental health and disability services. Shifts a county's financial liability for payment for services from a person's county of legal settlement to the person's county of residence.
- Updates language to reflect current terms and usage, rewrites rules for clarification, and clarifies that the Clarinda gero-psychiatric treatment program provides services statewide.

Fiscal Impact No fiscal impact.

Rule Summary Clarifies program language and adds consistency for monthly reporting of time and attendance for participants within two programs that utilize the Temporary Assistance for Needy Families (TANF) federal block grant, specifically, the Family Investment Program (FIP) and the PROMISE JOBS Program. **ARC 1146C**

Fiscal Impact Increases General Fund expenditures by \$51,000 in FY 2014 and \$123,000 in FY 2015. The Department will fund this change from existing appropriations.

		ARC 1147C
Rule Summary	Updates language to match current practice. These amendments clarify: <ul style="list-style-type: none">• Designating the Bureau of Refugee Services (BRS) as a distinct area, similar to that of an Iowa Workforce Development (IWD) area. This area designation will make Family Self-Sufficiency Grant (FSSG) payments more accessible for refugee clients served by the BRS. The BRS serves approximately 2.0% of the total population of PROMISE JOBS individuals.• When overpayments for FSSG are allowable.• Issuance of family self-sufficiency grant payments.• Evaluation of family self-sufficiency grants.	
Fiscal Impact	No fiscal impact.	
		ARC 1148C
Rule Summary	Updates rules to reflect approval by the Food & Nutrition Service (FNS) of an extension of the demonstration project to allow for a standard medical expense deduction to Food Assistance households eligible to claim medical expenses as a deduction. To attain cost neutrality as necessary, the calculation of the standard utility allowances for both households with heating or air-conditioning expenses and households with only other utility expenses is amended. Originally, a \$4 decrease to each standard utility allowance (SUA) was necessary. With more households choosing the standard, Iowa must account for greater savings. Decreasing the SUAs by an additional dollar is a condition of approval of the extension.	
Fiscal Impact	No fiscal impact. Since Food Assistance benefits are 100.0% federally funded, cost of these benefits will have no fiscal impact to the State.	
		ARC 1135C
Rule Summary	Amends rules to comply with The Iowa Health and Wellness Plan that will provide Medicaid or private insurance to low income Iowans, ages 19 to 64, with countable income not exceeding 133.0% of the Federal Poverty Level (FPL) for their family size, not eligible for any other full Medicaid group or Medicare, not pregnant, and whose dependent children are covered by minimum essential coverage. The amendments do not include the contributions or premiums required beginning in calendar year 2015 and described in statute. Amendments do not include the ability to waive these contributions or premiums. The DHS is currently finalizing the details of these provisions with the Centers for Medicare and Medicaid Services (CMS). Once CMS approval is obtained, the administrative rules will be amended accordingly. These amendments do not address the specific delivery for dental services, medical home, or Accountable Care Organizations. When CMS approves these items and details are developed, they will be added to the rules.	
Fiscal Impact	Administrative implementation costs of the new program are estimated to be \$4.9 million in FY 2014 and \$6.0 million in FY 2015. The cost of services associated with this program are 100.0% federally funded for the first three years. After that, federal participation will gradually decrease to 90.0% (in federal fiscal year 2020) with the state paying the non federal share.	
		ARC 1134C
Rule Summary	Makes the following changes: <ul style="list-style-type: none">• Allows the DHS staff to determine financial eligibility for Medicaid using the Modified Adjusted Gross Income (MAGI) methodology and other eligibility requirements of the ACA with applications received on or after October 1, 2013, and for assistance that will be effective January 1, 2014.• Adds a new coverage group for former foster care children up to age 26.• Revises social security and residency requirements under the ACA.	

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- Removes eligibility for the dependent relative of a recipient of State Supplemental Assistance (SSA).

Fiscal Impact These changes are estimated to provide a net savings to the General Fund of \$7.6 million in FY 2014 and \$12.2 million in FY 2015. This includes additional cost of \$550,000 in FY 2014 and \$4.1 million in FY 2015 to expand foster care eligibility and savings of \$8.2 million in FY 2014 and \$16.3 million in FY 2015 to remove eligibility for dependent relatives of SSA recipients.

ARC 1149C

Rule Summary Deletes child care licensure from the list of provider qualifications for enrollment for providers of medical and remedial care under Medicaid.

Fiscal Impact This change is estimated to decrease General Fund expenditures by \$104,000 in FY 2014 and \$214,000 in FY 2015.

ARC 1151C

Rule Summary Allows direct separate payment for customized wheelchairs needed by Medicaid – eligible members that are residents of nursing facilities, with prior authorization.

Fiscal Impact Minimal fiscal impact. Administrative costs will be reduced by eliminating the need for policy exceptions for customized wheelchairs in nursing facilities. To the extent customized wheelchairs are already being provided by nursing facilities or through exceptions to policy, this change in the payment mechanism should be cost neutral.

ARC 1161C

Rule Summary Clarifies what is and is not covered under the Nonemergency Medical Transportation (NEMT) Program. The revised rules also identify the conditions and limitations of the Program.

Fiscal Impact No fiscal impact.

ARC 1150C

Rule Summary Provides additional disproportionate share hospital (DSH) payments to qualifying hospitals. The rules at issue involve payment of additional DSH payments to rural prospective payment hospitals that are not designated as critical access hospitals and that otherwise qualify to receive DSH payments. The source of the funds for the required non-federal share payments must be generated from tax levy collections of a city and/or county where the hospital is located and otherwise subject to applicable federal law and regulations regarding DSH payments. There were various delays that occurred related to receipt of assurances of local (i.e., city and county funding and CMS approval of a state plan amendment (SPA)).

Fiscal Impact No fiscal impact. The non-federal funding share will be provided by the city and/or county where the qualifying hospital is located.

ARC 1152C

Rule Summary Rescinds the requirement that the DHS apply a “site-of-service differential” to payments for physician services rendered in facility settings. The DHS understands that the intent was to eliminate the site-of-service differential applied to any physician services rendered in facility settings pursuant to current rules.

Fiscal Impact This change is estimated to increase General Fund expenditures \$1.0 million each year in FY 2014 and FY 2015. This change was required by SF 446 (FY 2014 Health and Human Services Appropriations Act) and funding was provided.

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ARC 1154C

Rule Summary Rescinds the rule regarding additional payment for Medicare crossover claims that was originally promulgated in anticipation of being approved by the CMS. It is being rescinded because the CMS did not approve the SPA and these provisions were not implemented. The rule is not applicable without federal SPA approval.

Fiscal Impact No fiscal impact.

ARC 1155C

Rule Summary Clarifies the DHS policies related to providers of medical and remedial care regarding sanctions. Adds detailed descriptions of actions that will cause sanctions to be imposed. The rules implement [SF 357](#) (FY 2013 Medicaid Program Collections and Integrity Policy Act). The rules are intended to make more explicit that certain Medicaid debts are nondischargeable in bankruptcy proceedings, in accordance with federal law.

Fiscal Impact Minimal fiscal impact. This change will not increase costs. Clarifies when sanctions are imposed and that those sanctions may reduce fraud, waste, and abuse. Clarifies that certain Medicaid debts are nondischargeable in bankruptcy and may increase the likelihood of collecting provider overpayments. These provisions may generate savings, but the level of savings is difficult to predict and is not expected to be significant.

ARC 1153C

Rule Summary Brings the Iowa Medicaid Enterprise (IME) into compliance with Section 6401 of the ACA that requires State Medicaid agencies to collect application fees from enrolling and re-enrolling providers unless they are otherwise exempt.

Fiscal Impact Minimal fiscal impact. It is estimated that 2,000 providers will be subject to having this fee collected by the State. The vast majority of providers will not require reenrollment until 2018. These fees are used to offset the costs incurred by the IME for screening procedures required during enrollment and reenrollment. These costs normally are covered with 75.0% federal funding.

ARC 1156C

Rule Summary Establishes a “Differential Response System” for child abuse allegation reports. This alternative response approach allows the DHS to respond in multiple ways to abuse and neglect allegations. While high-risk allegations are handled the same as in the past, low risk cases with no immediate safety concerns undergo an assessment that gauges the family’s needs and strengths.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14611) Estelle Montgomery (Ext. 16764)

Department of Agriculture and Land Stewardship

ARC 1106C

Rule Summary Terminates the rule change related to increasing the fees for testing agriculture lime samples from \$25 to \$60 in the Department of Agriculture and Land Stewardship (DALs) and Iowa State University (ISU). This information was presented at the October 2013 meeting to the Administrative Rules Committee. The industry did not support the fee increase and rulemaking for [ARC 1006C](#) is terminated.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Deb Kozel (Ext. 16767)

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County Finance Committee

ARC 1136C

Rule Summary Updates the source of recommendations in studies and reports by moving from the National Council of Government Accounting to the Government Accounting Standards Board (GASB). Updates terminology including reporting as required by GASB 65. Eliminates outdated language. The rules implement Section 333A.4(1).

Fiscal Impact No fiscal impact.

STAFF CONTACT: Dw ayne Ferguson (Ext. 16561) Ron Robinson (Ext. 16256)

Insurance Division

ARC 1111C

Rule Summary Amends rules for conformity with the National Association of Insurance Commissioners (NAIC) amended credit for reinsurance model rules. Adds procedural requirements that allow for the reduction of collateral that must be posted for certain reinsurers. The rules were changed since first noticed to require the Insurance Commissioner, when determining what constitutes a catastrophic occurrence, to consult the NAIC and consider both natural and human events. The date was amended from January 1, 1992, and changed to January 1, 2014, as it relates to what contracts are impacted.

Fiscal Impact No fiscal impact.

ARC 1127C

Rule Summary Rescinds a subrule rule 191-20.4 related to form filings, including identification form number, signature line, and when deemed approved. The rules are intended to implement Iowa Code chapters 505, 509, 514A, 515, 515A, and 515F.

Fiscal Impact No fiscal impact.

ARC 1125C

Rule Summary Corrects a reference in subrule 20.11(1), that deals with exemptions from form and rate filing requirements, to reference Iowa Code section 515.102 instead of Iowa Code section 515.109. The rules implement Iowa Code section 515.102.

Fiscal Impact No fiscal impact.

ARC 1110C

Rule Summary Incorporates the 2012 Individual Annuity Reserving (IAR) Mortality Table for determining the minimum standard valuation for annuity and pure endowment contracts, thereby updating the industry mortality tables to consider recent mortality improvement. The Iowa Insurance Division intends for companies writing or assuming annuities to use the updated tables beginning January 1, 2014. The rules were changed since they were first noticed to change the implementation of the rules from January 1, 2014, to January 1, 2015.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Dw ayne Ferguson (Ext. 16561) Ron Robinson (Ext. 16256)

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Iowa Public Information Board

ARC 1091C

Rule Summary Provides the Board's street address, e-mail address, fax number, telephone number of its office, and the Board's web address.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Dw ayne Ferguson (Ext. 16561) Ron Robinson (Ext. 16256)

Department of Management

ARC 1124C

Rule Summary Makes technical changes, eliminates definitions, and updates addresses and phone numbers, related to the following:

- Organization and Operations
- Petitions for Rule Making
- Declaratory Orders
- Agency Procedure for Rule Making
- Public Records and Fair Information Practices
- Iowa Targeted Small Business Interim Guidelines
- Local Government Innovation Fund Committee

The changes implement Iowa Code sections 8.6, 17A.9, 25.1, 22.11, and 25B.6.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Dw ayne Ferguson (Ext. 16561) Ron Robinson (Ext. 16256)

Nursing Board

ARC 1130C

Rule Summary Removes the convenience fee charged for online applications that covered cost of the application system. The application system no longer used.

Fiscal Impact No fiscal impact.

ARC 1131C

Rule Summary Adds additional testing options to verify English skills of an individual educated and licensed in another country.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Estelle Montgomery (Ext. 16764)

Professional Licensure Division

ARC 1163C

Rule Summary Defines embalming records that funeral directors are required to record and establishes a new section on intern training requirements.

Fiscal Impact No fiscal impact.

ARC 1164C

Rule Summary Removes duplicate language and amends licensee notification requirements.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Estelle Montgomery (Ext. 16764)

Secretary of State

ARC 1092C

Rule Summary Provides that a document filed using the Electronic Document Management System (EDMS) administered by the Judicial Branch is compliant with the notarization of electronic records.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

Soil Conservation Division

ARC 1104C

Rule Summary Creates rules for the Water Quality Initiative as administered by the Department of Agriculture and Land Stewardship (DALs) and includes:

- Specifies the goal is to reduce nutrient losses by adopting water quality practices, demonstration projects, and conservation cost share practices. The Department will also provide education and outreach programs to landowners and other interested parties.
- Provides definitions related to the Water Quality Initiative.
- Specifies that matching funds from the DALs for projects or practices cannot exceed 50.0% of the total cost of the project or practice.
- Provides information on eligible practices, targeted watershed demonstration projects, and application requirements.
- Details the requirements for a contract.

Fiscal Impact No fiscal impact for the rules. The Water Quality Initiative was created in [SF 435](#) (FY 2014 Agriculture and Natural Resources Appropriations Act) with a General Fund appropriation of \$2.4 million and an increase of 1.0 FTE position for a Program Coordinator. The Program Coordinator was hired on October 17, 2013. In addition, the Act appropriated \$1.5 million for a new Iowa Nutrient Center at Iowa State University (ISU). Additional funding was appropriated in [HF 648](#) (FY 2014 Bond Repayment and Supplemental Appropriations Act). The following is a summary of the funding for the Water Quality Initiative:

Water Quality Initiative Funding - General Fund			
Act	Fiscal Year	Description	Amount
HF 648	FY 2013*	Water Quality Projects	\$ 10.0
HF 648	FY 2013*	Soil Conservation Cost Share	\$ 7.0
HF 648	FY 2013*	WIRB Grants	\$ 3.0
SF 435	FY 2014	Water Quality Initiative Admin.	\$ 2.4
SF 435	FY 2015	Water Quality Initiative Admin.	\$ 4.4
SF 435	FY 2014	Iowa Nutrient Center at ISU	\$ 1.5
SF 435	FY 2015**	Iowa Nutrient Center at ISU	\$ 0.8

*Supplemental appropriation from the General Fund

**Appropriation for FY 2015 was 50.0% of FY 2014

STAFF CONTACT: Deb Kozel (Ext. 16767)

Department of Human Services Emergency Rules

14-0841 Iowa Health and Wellness Plan

Rule Summary Allows Iowa to process eligibility determinations for the Iowa Health and Wellness Program (IHAWP) for current IowaCare members based on income verified via Food Assistance applications, income verified on Medicaid cases associated with the IowaCare member, Iowa Workforce Development (IWD) wage and unemployment insurance benefits, and income data received from the Income and Eligibility Verification System (IEVS) from the federal government.

Fiscal Impact No fiscal impact. The IHAWP is paid for with 100.0% federal dollars in the first three years of the Program and transitioning IowaCare members in this manner may save staff resources.

14-086 Conditions of Eligibility

Rule Summary Allows Iowa to keep the current Family Planning eligibility system until June 30, 2014. Iowa submitted a request to the federal government to keep the Family Planning System separate from the new Medicaid eligibility system due to the time constraints of developing a new medical assistance eligibility system to process applications as required under the Affordable Care Act. The Family Planning system will continue to process applications under non-Modified Adjusted Gross Income (MAGI) determinations.

Fiscal Impact No fiscal impact. This rule change will result in a six-month continuation of current income determination processes for the Iowa Family Planning Waiver. The continuation of existing practices results in no additional fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14611)
