

## Bill of the Week

# Public Assistance Reform (SF 2422)

This bill requires citizenship checks for public assistance programs, locks the state into Medicaid managed care, limits retroactive eligibility for Medicaid, and requires most new Medicaid waivers and plan amendments to be cost neutral.

### Facts at a Glance

- Iowa will be required to deliver all Medicaid services through managed care. Medicaid services and populations not included in managed care as of January 1, 2027, would continue to be paid for through the state's fee-for-service system.
- Fee-for-service (FFS) programs like the Health Insurance Premium Payment (HIPP) Program, Medically Needy, and Family Planning Program (FPP) can continue. New FFS programs and populations cannot be added without legislative action.
- Iowa Medicaid is required to make sure all people receiving or applying for public assistance are citizens. Medicaid will be required to check the federal Systemic Alien Verification for Entitlements (SAVE) database before determining initial or ongoing eligibility for Medicaid, children's health insurance program (Hawki), food assistance (SNAP), or the Family Investment Program (FIP).
- All household income will be counted toward eligibility for food assistance (SNAP), including those who are not eligible for the program because of their immigration status.
- Iowa Medicaid is required to comply with changes in retroactive eligibility made in the One Big Beautiful Bill (OB BB) Act of 2025. Retroactive eligibility would now be limited to two months for pregnant women, children, and nursing home residents. Currently it is 90 days.
- Iowa Medicaid would not be allowed to lengthen retroactive eligibility unless the Legislature first okays the change.
- Iowa Medicaid is not allowed to apply for some Medicaid waivers and state plan amendments without legislative approval, unless it saves money or is cost neutral. This includes the waiver used for trying new things (1115 demonstration waiver) or make changes in the home and community-based services (HCBS) system (1915 HCBS waiver).
- Iowa HHS must annually review all approved and implemented waivers, detailing the costs associated and compliance with the OBB.

### Key Points & Impacts

- Innovation in Medicaid services could be stifled by limiting the ability to apply for waivers without legislative approval and locking the state into managed care.
- The state might be able to show cost neutrality in ending Medicaid managed care, but it would still be unable to change back to fee-for-service without it.
- The state entered Medicaid managed care without legislative approval (through Governor's Executive Order) but a future Governor would not be able to exit it without legislative approval.
- This bill will make it harder to get and keep public assistance programs and citizenship checks may delay getting the help people need.
- Iowans with disabilities may face longer wait times for services if eligibility redetermination is delayed because of citizenship status checks.
- Iowa is relying on a federal database to be accurate. The SAVE database has been [criticized](#) as having unreliable information.
- Food insecurity may increase in some homes where children who are US citizens live with family members who are not.
- If retroactive eligibility is shortened at the same time there are delays in eligibility determination, Medicaid providers may not get reimbursed for services provided.
- This may make Medicaid providers less likely to serve people until eligibility is determined.

