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**[ipamemberlist] IPA State Capitol Report (Post-Funnel)**

1 message

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**IPA State Capitol Report | Week 10 | March 20, 2026**

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**Second Funnel Passes, Session Enters Final Month**

Today marks the Iowa Legislature's second major deadline of the session — the "second funnel." The field of active legislation has narrowed considerably, although as you review the **IPA Bill Tracker** you may think it has not narrowed enough. Bills that did not clear this bar are, for all practical purposes, finished for the year. Since this is the second year of a two-year legislative cycle, bills will have to be reintroduced next year and restart the entire process.

The second funnel arrives at a consequential moment. Lawmakers came into this session focused on three major issues: use of eminent domain for pipeline projects, the state budget, and property tax reform. None of these are close to the finish line, but legislative leaders will be working over the coming days to come up with budget targets. Once overall targets are set, they will divide those up amongst the ten budgets, and the budget subcommittee leaders will start making decisions on how to spend their allotted funds. The session is currently scheduled to end April 21, which is only 32 days away. Lawmakers often go into overtime and may do so again this year when you consider there are really only about 18 working days in the time left.

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**Public Assistance Reform, HMO Premium Tax Update**

The House and Senate each had their own version of public assistance reform this year. Both bills limited who could access programs like child care assistance, food assistance (SNAP), family investment program (FIP), Hawki, Iowa Health & Wellness Plan (IHWP), and Medicaid. Both bills aligned Medicaid rules with changes Congress authorized in the One Big Beautiful Bill earlier this year.

- The House public assistance reform bill ([House File 2716](#)) **did not survive** the funnel deadline.
- The Senate version ([Senate File 2422](#)) is **still alive** in the House.

One key difference between the bills was the codification of Medicaid managed care in SF 2422. Before passing the bill out of committee on Thursday, the House HHS Committee took out that language. Rep. Austin Harris, chair of the House HHS Committee, made it clear that "House Republicans are not interested in codifying Medicaid managed care." The House and Senate will now work together to decide what will be included in the final public assistance reform package - and everything in the two bills is on the table in these discussions.

Much of this will come down to money. The public assistance reforms are being included to save money, but there are things in the House bill will increase Medicaid expenses, including changes that allow some Medicaid members with disabilities to work more hours and earn more money without risk of losing their Medicaid coverage. You can see the entire fiscal note for the House bill [here](#).

Speaking of funding, Iowa Medicaid does not have enough money to continue providing services through the end of the current fiscal year. Congress gave states the ability to generate additional money for their Medicaid programs by temporarily raising the tax on some private insurance companies (like Wellmark's HMO). [House File 2739](#) temporarily **raises the HMO premium tax** from .925% to 3.5% to generate \$123 million for Medicaid - \$70.3 million of which is to fill the current year's Medicaid budget hole. Insurers could pay the tax increase out of their profits, but they have said in subcommittee meetings that they will not do that. Instead, they will pass this increased cost on to people buying insurance. They anticipate it will result in a \$500 increase in annual premiums paid by a family of four. This bill is ready for a Senate vote and is very close to being sent to the Governor. Because Senators appear to be waffling on user taxes like tobacco/nicotine tax increases and sports betting taxes, failure to pass this HMO tax will likely result in Medicaid cuts.

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**Funnel Survivors**

- [HF 385](#) requires an individual who has been **involuntarily committed** to be referred to the behavioral health ASO prior to discharge. While this bill is technically alive, this is a hold-over from last year and has seen zero action in 2026. (Senate Floor)
- [HF 571](#) is the **health care right of conscience** bill, which gives health care providers and institutions the right to not participate in a health care service that violates the provider's or institution's conscience. This bill was recently [amended by the Senate](#), which completely rewrote the bill. The House plans to vote on whether to accept the Senate's changes on Monday. (Senate Floor)
- [HF 978](#) sets up the regulatory structure to begin **production and administration of psilocybin for the treatment of behavioral health conditions**, including a new psilocybin board. This bill came up at the last minute this week and gained surprising support over the last two days. The Senate HHS Committee did amend the bill to limit use for PTSD and will move decisions for this to the MCBDB Board (which will get a new name to reflect the additional responsibilities). (Senate Floor)
- [HF 2133](#) adds **synthetic and botanical kratom** to the list of Schedule I controlled substances. The House passed this bill after an attempt to change kratom to a regulated substance which allows adults age 21 and over to purchase and use it. The amendment failed narrowly, and the votes were not along party lines. You can watch the emotional debate [here](#) and see how Representatives voted [here](#). (Senate Floor)
- [HF 2256](#) expands the circumstances under which a child can be adjudicated CINA (child in need of assistance) to include **serious chemical dependency and other behavioral health conditions**. Iowa HHS says this is unnecessary and could actually have unintended consequences. (Senate Floor)
- [HF 2304](#) & [SF 2386](#) are the bills that cap **indirect administrative costs** in state-funded grants and contracts at 5%. While legislative leaders said these bills were dead, both chambers moved them to the unfinished business calendar on Thursday, a move to keep them alive. We have been told this was done "for negotiation leverage." That means all opposing groups will have to continue to work against these bills. A reminder that the House has an amendment that would change the cap to 15% and allow a waiver for cause. This would include IPA's

psychological internship program and grants made from the Rural Health Transformation Fund. (Senate Floor)

- [HF 2337](#) makes it a crime to **falsely claim academic degrees or credentials** for the purpose of employment or personal gain. You can call this the [Ian Roberts](#) bill, but it goes beyond educational degrees to cover all types of professional degrees. (Senate Floor)
- [HF 2406](#) is the **tobacco coalition's bill** that increases taxes on cigarettes by \$1.50/pack. No action has been taken on this bill since it was introduced earlier this month, and we are hearing the Senate does not have the votes to pass any cigarette tax. These funds would be used for tobacco cessation/prevention and Medicaid. (House Ways & Means Committee, not yet assigned to a subcommittee)
- [HF 2434](#) prohibits insurers from denying coverage for health care services solely because the referral was made by an **out-of-network primary care provider**. (Senate Floor)
- [HF 2487](#) allows the Iowa Attorney General to investigate and file charges against a state university or state agency for violating the ban on **diversity, equity, and inclusion (DEI) and critical race theory (CRT)** activities. The bill also requires the Board of Regents (beginning Fall 2028) to review all undergraduate general education requirements and core curriculum and identify those that include DEI/CRT content. The universities are directed to eliminate all requirements containing DEI/CRT elements. (Senate Floor)
- [HF 2523](#) allows parents to directly **commit their minor child** for substance use or mental health treatment without going through the courts if both the parents and the child's health care provider agree it is needed and the child meets the criteria for admission. This was prompted by a family whose 12-year-old child refused to be admitted into an MHI, despite the parents, provider, and law enforcement all agreeing it was needed. This led to delays in treatment while the courts went through the commitment process. (Senate Floor)
- [HF 2543](#) removes barriers to the expansion of **subacute mental health treatment options** in Iowa, including scaling back insurer's ability to use prior authorization to limit access. (Senate Floor)
- [HF 2557](#) is the controversial and very poorly written **conversion therapy** bill. The bill states that it is not child abuse for a parent to raise their child according to their gender assigned at birth, including allowing them to seek conversion therapy and stating that a parent's views on this topic are not allowed to be factored into child custody and foster parenting decisions. (Senate Floor)
- [HF 2635](#) sets limits on the use of **AI for insurance prior authorizations**, establishes uniform timelines for claim audits, prohibits discrimination against a health care provider referring to an out-of-network provider, requires peer reviews for prior authorization (insuring that the same type of provider is reviewing the prior authorization). All of the above applies to private insurers. Both private insurers and Medicaid MCOs are also prohibited from applying prior authorization for cancer-related screenings and diagnosis and treatment of an emergency medical condition that arises during an inpatient stay. Providers will also be required to submit (when possible) prior authorization requests electronically through the insurer's portal. (Sent to the Governor)
- [HF 2670](#) makes a number of changes to educational policy, including the removal of requirements for multi-cultural, gender-fair, and global perspectives in curriculum, elimination of mandates for schools to adopt protocols identifying **adverse childhood experiences** and strategies to mitigate toxic stress. (Senate Floor)
- [HF 2676](#) is the **Governor's MAHA bill**. It requires physicians to receive at least one hour of CEUs on nutrition every four years, adds courses in nutrition as a condition of graduating from medical school, requires Iowa to continuously apply for the summer EBT (nutrition) program, allows pharmacists to make ivermectin available without a prescription, limits additives in school breakfasts and lunches (and food sold in vending machines), requires kindergarten programs to include nutrition information on the importance of animal-based proteins, dairy, fruits, and vegetables, limits screen time for students, enacts the Psychology Interjurisdictional Compact (PsyPACT), sets new guidelines for student physical activity, and requires high school students participate in at least one extra-curricular or co-curricular activity each year of school (student government, theater, yearbook, FFA, competitive mathematics, robotics, athletics, dance, band, show choir, debate, scouting, or "youth groups"). (Senate Floor)
- [HF 2711](#) strikes all **affirmative action** on race, gender, or citizenship basis in state employment, contracting and educational programs. (Senate Floor)
- [HF 2743](#) creates the **Iowa Rural Health Transformation Fund**, where all federal grant funds for the Governor's "Healthy Hometowns" initiative are deposited. (House Floor)
- [SF 638](#) imposes taxes on **vape and alternative nicotine products** but does not include cigarette tax changes. (Senate Ways & Means Committee)
- [SF 2055 & HF 2571](#) updates the rules of criminal procedure to make sure absence of overt acts of dangerousness cannot be the only determining factor in deciding risk to self/others in **commitment hearings**. Instead, courts are required to consider a comprehensive list of factors, including the original offense, behavioral and psychiatric history, substance use, institutional behavior, environmental factors, and expert assessments. (Senate & House Floors)
- [SF 2319](#) requires school websites to include **Your Life Iowa** links and information. (House Floor)
- [SF 2335](#) establishes a work group to examine how school-provided technology affects **student cognitive function** and academic performance. (House Floor)
- [SF 2412](#) requires **E-Verify and SAVE** citizenship checks for all state employment and professional licensure. (House Floor)
- [SF 2417 & HF 2507](#) are the **AI chatbot regulation** bills, which set requirements and guidelines for chatbots to make sure they are not misrepresenting as human or encourage self-harm

or harm to others. (Senate & House Floors)

- [SF 2461](#) sets up a process for **continuing appropriations** if the Legislature cannot pass a budget by July 1 of each year (requiring automatic status quo budget, which would be problematic for Medicaid since level funding would be a cut in services). (Senate Floor)
- [SF 2462](#) & [HF 2712](#) restructures the state's **early childhood and family services system**, but the final "deal" has not yet been struck. TANF funding is cut, home visitation is moved to the state so it can be matched by federal funds, and some services remain with the 30+ early childhood districts. (Senate & House Appropriations Committees)

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## Bills That Didn't Make The Cut

- [HF 621](#) would have allowed carrying of **firearms on school property**, including in school vehicles to school-sponsored activities.
- [HF 2134](#) would have allowed **victims of domestic violence, sexual assault, or elder/dependent adult abuse** to break a rental agreement.
- [HF 2137](#) would have required public health agency websites to include notices about **vaccine waivers**.
- [HF 2171](#) eliminated the requirements for public **school immunizations**.
- [HF 2338](#) extended the **gender theory/sexual orientation** teaching, testing, or surveying ban passed last year to grades 7-12.
- [HF 2346](#) allowed **court-ordered SUD evaluations** for OWIs to be done at any time (current law required prior to sentencing).
- [HF 2415](#) required insurers to allow a special enrollment period for **pregnant women**.
- [HF 2488](#) would have barred private universities with **DEI offices, staff, or activities** from receiving Iowa Tuition Grants.
- [HF 2512](#) required removal of a teacher's license if they publicly celebrate an act of political violence (aka the **Charlie Kirk bill**).
- [HF 2685](#) required schools to set **instructional technology standards** (limiting K-5 to 60 minutes/day).
- [HF 2710](#) limited the Governor's powers in a **public health emergency**.
- [SF 2156](#) allowed a court to order **parental drug testing** in child custody hearings, allowed the court to revise custody orders if a parent fails a test, but did not order treatment for failed tests.
- [SF 2254](#) prohibited the University of Iowa from enforcing **health professional non-competes**.
- [SF 2404](#) set up a pilot program to build **separate segregated schools for special education students** and/or students with challenging behaviors (in one urban, one rural district).
- [SF 2424](#) would have required colleges to find **clinical rotations** that do not require vaccinations if requested by a student.
- [SF 2444](#) would have legalized **cigar bars** in Iowa, creating a new loophole in Iowa's Smokefree Air Act. The House subcommittee went ahead and met but had no intention of passing the bill. In fact, Rep. Larry McBurney said the bill was "one of the most tone-deaf pieces of legislation up here...we should be working on legislation that helps prevent cancer." He added that "this is not a good look for Iowa." Rep. Shannon Lundgren, who chaired the subcommittee, said she'd prefer to strike the bill entirely and replace it with her now-dead bill to close the casino loophole in the smokefree air act.

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## Budget & Election News

There were two big announcements last week that will factor into legislative moods in these final weeks of session. First, legislators got a better read on the budget situation after the Revenue Estimating Conference met on Thursday, March 12. This three-person panel of economists looks at Iowa's revenues (the money the state collects in taxes, fees, fines) and estimates how much money the state will have to spend on services. The news was not great.

- Estimates for the current fiscal year were lowered by \$46 million.
- Estimates for the next budget year (FY 2027) were lowered by \$27 million.
- The Governor recommended spending \$9.6 billion for FY 2027 (which begins July 1, 2026). That is a 2% increase and is \$1.2 billion higher than the revenues available to spend.

**You read that right — the state is collecting \$1.2 billion LESS than what it is spending.** That means our state has been taking money from its savings accounts to keep from cutting budgets. Fortunately, the state has more than \$5 billion in a taxpayer relief fund that is intended to help do this, has full reserves, and about \$1.5 billion in ending fund balance to use to make the budget work. However, some legislators are worried if this is sustainable. With a war in Iran, gas prices rising, tariffs continuing to keep the cost of goods high, stress on agricultural and manufacturing jobs, and general uncertainty about the cost of living, it is concerning that Iowa is now running on a deficit budget.

What does this mean for next year's budgets? Legislators will likely hold the line on spending, sticking with a status quo (level) budget. There will be increases for education (schools already got a 2% increase) and there will be increases for Medicaid (but just to keep things the same). Beyond that, Medicaid is likely to stay pretty flat and there won't be a lot of extra money for new projects. You can see the spreadsheet with these new numbers [here](#).

The other big news last week was on the election side. Friday, March 13 was the deadline for legislative candidates to file their campaign paperwork with the Secretary of State. That means we now know which State Representatives and State Senators are retiring, which ones are running again, and who have challengers in the June primary or in the November general election. You can see the candidate list [here](#), House district map [here](#), and Senate District map [here](#).

### State-Wide Office Surprises

- Julie Stauch, a Democratic candidate for Governor, will not appear on the ballot after having issues with her signatures. That leaves only State Auditor Rob Sand on the Democratic side.

### State Senators Retiring (9)

- Sen. Tom Shipley (R-Senate District 9)
- Sen. Julian Garrett (R-Senate District 11)
- Sen. Cherielynn Westrich (R-Senate District 13)
- Sen. Izaah Knox (D-Senate District 17)
- Sen. Ken Rozenboom (D-Senate District 19)
- Sen. Mike Bousset (R-Senate District 21) — running for Senate District 23
- Sen. Jack Whitver (R-Senate District 23)
- Sen. Bill Dotzler (D-Senate District 31)
- Sen. Zach Wahls (D-Senate District 43) — running for US Senate

### State Representatives Retiring (17)

- Rep. JD Scholten (D-House District 1)
- Rep. Tom Jeneary (R-House District 3)
- Rep. Zach Dieken (R-House District 5)
- Rep. Matt Windschitl (R-House District 15)
- Rep. Josh Turek (D-House District 20) — running for US Senate
- Rep. Jennifer Konfrst (D-House District 32)

- Rep. Ruth Ann Gaines (D-House District 33)
- Rep. Barb Kniff McCulla (R-House District 37) — running for State Senate
- Rep. Jon Dunwell (R-House District 38)
- Rep. Rick Olson (D-House District 39)
- Rep. Heather Matson (D-House District 42)— running for State Senate
- Rep. Eddie Andrews (R-House District 43) — running for Governor
- Rep. Shannon Latham (R-House District 55)
- Rep. Timi Brown-Powers (D-House District 61)— running for State Senate
- Rep. Lindsay James (D-House District 71)— running for US Congress
- Rep. Bob Kressig (D-House District 75)
- Rep. Monica Kurth (D-House District 98)

About half of the legislators up for re-election have no opponent in the November election (11 Senate seats, 42 House seats). Only three Senators have an opponent in the June primary: Senators Lynn Evans, David Rowley, and Annette Sweeney. There are ten Republican Representatives that will have a primary opponent: Representatives Brett Barker, Mike Bergan, Jane Bloomingdale, Mark Cisneros, Helena Hayes, Christian Hermanson, Chad Ingels, Brian Lohse, Carter Nordman, and Devon Wood. Only one Democrat faces a primary opponent: Rep. Ken Croken.

Those that do not have an opponent in the November general election are not out of the woods yet. The opposing political party still has time to nominate a candidate (deadline is August 19, 2026).

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