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**[ipamemberlist] IPA State Capitol Report - Week 12**

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## IPA State Capitol Report | Week 12 | April 3, 2026

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### Senate Announces Budget Targets, Still Waiting for House

With only 18 days left in the legislative session, Senate leaders launched their budget process. On Monday, Senate Majority Leader Mike Klimesh announced the Senate Republicans' plan to spend \$9.6 billion for the upcoming fiscal year (FY 2027).

- While this is an increase of 1.2%, it is \$47.8 million less than the Governor's budget. This change reflects the need to lower spending after revenue estimates were lowered in March.
- This adds \$114 million in new state funds to the budget, but nearly \$100 million of that new funding was already allocated for school aid. That leaves only \$14 million for everything else.
- The temporary HMO tax takes care of the Medicaid budget hole for FY 2027, but that's not a permanent fix and next year legislators will have to find more money to fill it.
- The Senate plan leaves \$4.8 billion in ending balance, the Taxpayer Relief Fund, and the state's rainy day funds at the end of FY 2027.

Senate budget chairs wasted no time getting to work. Here's a quick review of the Senate budgets that have been introduced so far:

- **Administration & Regulation Budget (SF 2479)**: Total spending \$73.1 million (cut of \$613,000). This was voted out of committee. You can find more detail [here](#).
- **Agriculture/Nature Resources Budget (SSB 3190)**: Total spending \$46.6 million (increase of \$300,000). The subcommittee will meet to discuss this bill on Monday, April 6 at 12:30 pm.
- **Economic Development Budget (SSB 3188)**: Total spending \$38.4 million (cut of \$1.9 million). This was voted out of subcommittee. You can find more detail [here](#).
- **Education Budget (SSB 3191)**: Total spending \$1.05 billion (increase of \$14.9 million). This was vote out of subcommittee. You can find more detail [here](#).
  - Cuts children's mental health training by \$1.5 million. This cuts funding almost in half, leaving \$1.9 million for AEAs to train teachers on ways to support student mental health.
  - No change in funding for the Health Care Professional Incentive Program. IPA asked for language to be added to require psychologists be eligible for this.
- **Justice Systems Budget (SSB 3184)**: Total spending \$714.2 million (increase of \$11.1 million). You can find more detail [here](#).
- **Judicial Branch Budget (SSB 3185)**: Total spending \$221.8 million (no change). You can find more detail [here](#).
- **Transportation Budget (SF 2478)**: This budget allocates road use tax funds (which come from gas taxes and other sources) to fund road projects. You can find more detail [here](#).

The Infrastructure and Health/Human Services budgets are going to take a bit longer. The House budget numbers have not been shared yet, but budget subcommittee chairs got their totals on Wednesday. We hope to see these numbers announced soon. During a House Appropriations Committee meeting on April 1, the committee chair (Rep. Gary Mohr) said that the Health and Human Services Budget would not be released until the Department of Health & Human Services answers their long list of questions. Legislative leaders have asked Iowa HHS a number of questions dating back to last summer, and are still awaiting a response. In addition to the budget negotiations ahead, a number of bills will be on hold as they are wrapped up in the final compromise. This includes the "public assistance reform" proposals that include limiting food assistance, restricting the state's ability to change its Medicaid state plan and apply for waivers, and locking the state into Medicaid managed care.

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### Bills on the Move

**HF 571** is the **medical ethics defense act**, 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. The bill prohibits any discrimination (including employment repercussions) for exercising this right. While this is intended to go after things like reproductive and abortion care, gender-affirming care, conversion therapy, and immunizations, it is much broader. The vague language could lead to more law suits, loss of access to care in rural areas, and opening the door to discrimination. The bill is on the way to the Governor's office.

- **Concerned psychologists should email the Governor and ask for a veto!** You can watch the debate [here](#) and you can email the Governor [here](#).

**HF 978** sets up the regulatory structure to begin **production and administration of psilocybin for the treatment of PTSD**, governed by an expanded medical CBD board (renamed "Iowa medical controlled substances advisory board"). This bill came up at the last minute last week and gained surprising amount of momentum. While all people attending the subcommittee this week called the research promising, mental health advocates and health care professionals cautioned legislators to be cautious and not let policy get ahead of the science. Researchers in an ongoing study on psilocybin use at the University of Iowa said that this bill creates demand for a product that has not yet been confirmed to be safe. You can hear those comments in a 2025 Iowa Public Radio River to River broadcast [here](#).

**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. It's on the way to the Governor for signature.

**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. The Senate made some significant changes to the bill to focus on prior authorization limitations and responses, bed tracking, and requirement for a facility to develop an initial treatment plan within the first 24 hours of admittance. This bill is on the list for debate in the House on Monday (4/6).

**HF 2662** is a new bill that is gaining traction. It establishes a veteran's recovery program to fund **hyperbaric oxygen treatment** for veterans with PTSD and traumatic brain injury. This bill, like psilocybin, is being pushed by outside veterans advocacy groups. The subcommittee will meet on this Tuesday, April 7 at Noon.

**HF 2739** was signed into law last week, authorizing the retroactive and temporary **HMO tax** that will help fund Medicaid in the next year. Legislators expect to generate about \$123 million to fill the Medicaid shortfall in FY 2027 - but that is only for one year and will need to be backfilled when legislators do their budgeting in the 2027 legislative session.

**HSB 766** is a new bill that creates a legal and regulatory framework for licensing, oversight, and reimbursement of artificial intelligence **augmented and autonomous service providers (AAASP)** in clinical healthcare settings. It establishes the Board of Autonomous Medical Practice to regulate AAASPs, sets out multiple license classes and autonomy modifiers, and defines the scope of practice for clinical AI services. This seems to run counter to the discussion of regulating AI chatbots, and is being pushed by the out-of-state conservative **Cicero Action**. Oddly, this is the same group that advocated for fewer licensing boards (and this bill creates a new one). The subcommittee advanced the bill, but it's unlikely to go very much further this year.

**SF 473** is on the House debate calendar for Monday. This bill prohibits Iowa HHS from **discriminating against foster parents and prospective adoptive parent because of their "sincerely held beliefs" on gender identity and sexual orientation**. The department is not allowed to require foster/adoptive parents to support a policy that violates their beliefs on gender identity and sexual orientation - or to raise/rear the foster/adoptive child based on these sincerely held beliefs. Opponents say its one thing to take about a parent's rights to raise their child based on their beliefs on sexual orientation and gender identity - but an entirely different thing to apply that to fostering another person's child.

**SF 2428** is also on the House debate calendar for Monday. The bill builds on legislation from two years ago that created a process for **disciplining students who cause violent disruptions in classrooms**. This bill adds "non-violent disruptions" to the list, which has parents of children with disabilities and mental health conditions concerned. They say the bill will "other" their children rather than helping teachers prevent escalation. That's probably even harder now with the nearly 50% cut in mental health training for children proposed by the Senate.

**SF 2462** restructures the state's **early childhood and family services system**. It has been the source of a great deal of controversy, with the state's 38 early childhood districts opposing the proposed changes that take a significant portion of their work into state control. There is rumored to be an amendment, but it does not sound like it is an accepted "compromise" by both Iowa HHS and Early Childhood Iowa. This is definitely a priority of the Governor, so it is likely to be tied up in the end-game negotiations. The Senate will hold a subcommittee on Monday (4/6) at 12:30 pm. Since this is a Senate meeting, the public is allowed to comment virtually ([link to join meeting](#)).

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## Status of IPA Priorities

We do not know how things will shake out in the budget yet, but there will be no provider increases this year. There may be a fix for a couple of cost containment measures that were put into place by Iowa Medicaid without legislative approval - one cut speech language pathology reimbursement by nearly 70% and the other limited funding for supportive community living. The Governor has apparently been pushing legislators to set all **Medicaid reimbursement at 85% of Medicare rates**. That would be devastating to mental health provider rates, which we'd finally been successful increasing over the past four years. Legislative leaders so far have told the Governor "no," but we will need to be vigilant in these final days of session. Things have a way of sneaking into bills in the final hours.

IPA has asked legislators on the [Education Budget Subcommittee](#) and the [Senate & House Appropriations Committees](#) to include language that would require the Department of Education to include psychologists in the newly merged **Health Care Professional Incentive Program**. IPA supported the creation of this program, which was to include all mental health professionals. In January, the Governor announced the program was open for applications and included all mental health professionals *except* psychologists! **Please consider emailing the members of these committees to ask that they amend the program to require all mental health professionals (as defined in 228.1) be included in the program!**

Make sure you watch the [IPA Bill Tracker](#) for live status of bills.

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