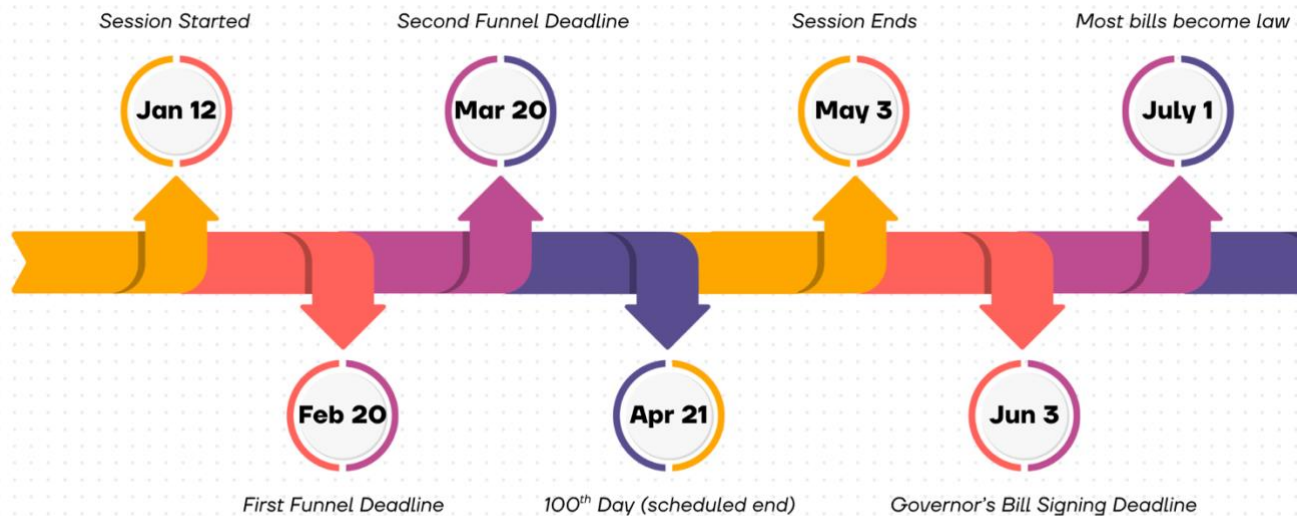


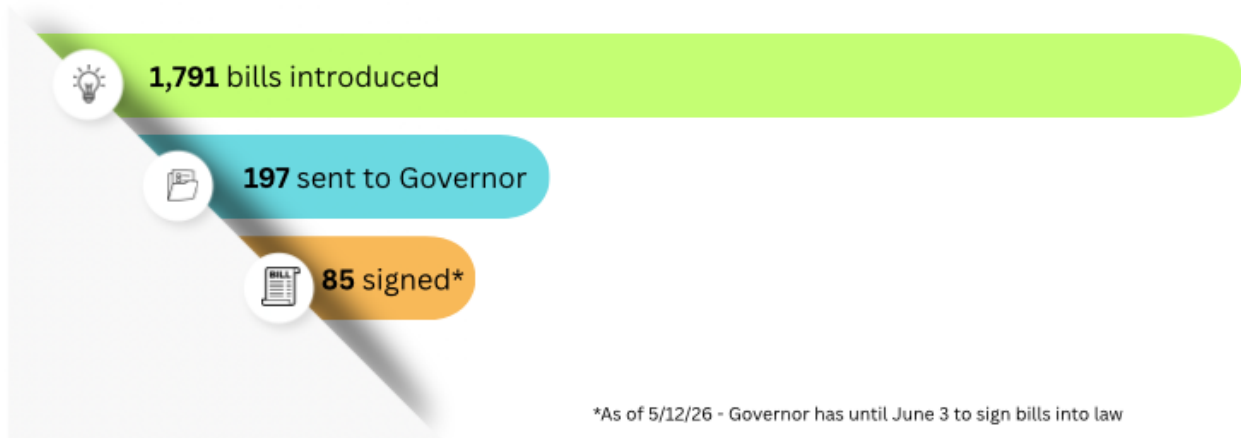
## 2026 End of Session Review

The Iowa Legislature ended on May 3 (12 days overdue). During the 34-hour weekend marathon of lawmaking, legislators sent all 10 budget bills and 38 policy bills to the Governor.



Out of the 1,791 bills introduced this year, only 197 bills made it to the Governor's desk (11%). As of May 12, the Governor has signed 85 of them into law and has not yet vetoed a bill sent to her. All bills are effective July 1, 2026, unless otherwise noted.

## 2026 Iowa Legislative Session



## POLICY BILLS SENT TO GOVERNOR

The [IPA Bill Tracker](#) is updated as the Governor acts on bills. You can read more detailed descriptions of these bills in the tracker.

- [HF 571](#): Health care providers and institutions will be allowed to refuse to provide a service if it conflicts with their moral or religious beliefs. They will also be protected from any legal, employment, and professional disciplinary retaliation. Titled the “**Medical Ethics Defense Act.**”
- [HF 1036](#): Requires annual stakeholder meetings to identify policy changes needed to address **human trafficking**, requires standardized screening of children for trafficking upon entering child welfare system, directs HHS to increase restoration facilities for juvenile victims of human trafficking, and extends the civil statute of limitations for survivors of human trafficking (although not by much). *(Signed)*
- [HF 2256](#): If a parent or legal guardian cannot access proper **behavioral or mental health treatment for their child**—after making reasonable attempts—this situation alone will *not* be considered child abuse. *(Signed)*
- [HF 2337](#): Individuals would be guilty of fraud for **misrepresenting their professional licenses**, credentials, or degrees for employment or personal gain (simple to aggravated misdemeanor). *(Signed)*
- [HF 2434](#): Insurers would no longer be allowed to deny or limit coverage for a covered service by an in-network provider solely because the **referral came from an out-of-network provider**. *(Signed)*
- [HF 2523](#): Parents will be able to consent to **their minor child’s mental health or substance use commitment** (rather than go to court when a child refuses). Note that this does not require a provider/facility to accept a child if placement is inappropriate or does not meet admission criteria. *(Signed)*
- [HF 2543](#): Barriers to accessing **subacute mental health services** are addressed, including timeframes to respond to prior authorization requests, adding PMIC beds to psychiatric bed tracking system, and removing regulatory barriers. Iowa HHS is also to look at options for providing these services at the Independence MHI (including looking for options to partner with private providers to provide the services onsite). *(Signed, effective 4/16/2026)*
- [HF 2635](#): Insurance **utilization review** activities are more heavily regulated in this bill, which limits the use of AI for medical necessity decisions, sets stronger peer-review standards for denials or modifications, sets deadlines for audit appeals (15 days notify; 45 days complete; 30 days appeals; 30 days appeal decisions), requires electronic submission of prior authorizations by 7/1/2027 (including Medicaid/MCOs), exempts cancer screenings and emergency care from prior authorization (including Medicaid/MCOs), prohibits discrimination, retaliation, and interference in referring out of network or internal staffing decisions; requires

insurers to negotiate contract changes (cannot unilaterally change contracts); and makes more changes to Certificate of Need process (increases thresholds over 11 years from \$1.5 million to \$6 million; eliminates it for open heart surgery, organ transplants, radiation therapy, cardiac catheterization, and outpatient behavioral health facilities); and simplifies application/review process, including elimination of need for letter of intent.

- [HF 2670](#): Eliminates the requirement that social studies curriculum in schools incorporate multicultural, gender-fair, and global perspectives. Eliminates mandate that schools adopt policies to identify **adverse childhood experiences (ACES)** and strategies to mitigate toxic stress.
- [HF 2676](#): The Governor's "Healthy Hometowns/MAHA" bill makes a number of changes, including Iowa becoming the 44<sup>th</sup> state to join the **interjurisdictional psychology compact (PSYPACT)**. The bill also limits K-5 student use of digital instructional technology to 60 minutes/day (excluding IEP/504 required devices), sets up a checklist for schools to use prior to renewing or expanding any policy on the use of technology in schools, and establishes a work group to look at the impact of school-provided instructional technology on cognitive learning (mental health professionals are to be included in this work group). The bill also requires physicians to have medical school classes and CEUs on nutrition/metabolic health, makes Ivermectin available without a prescription, limits dyes/anti-caking agents in school and summer EBT program, allows any epinephrine delivery device to be used in schools (not just epi-pens), and reinstates the Presidential Physical Fitness Test in schools.
- [HF 2739](#): All **HMOs** (not just MCOs) temporarily pay an enhanced insurance premium tax to fill the funding shortfall in FY 2027 Medicaid. (*Signed, retroactive to 1/1/2026*)
- [HF 2794](#): Sets up a grant program to fund a regional hub-and-spoke model **SAFE (Sexual Assault Forensic Exam) Center** to provide trauma informed care to adult survivors of sexual assault, human trafficking, and domestic violence. Children would still be served through the network of child protection centers. SAFE Center is to provide other services, including access to crisis mental health services.
- [SF 2417](#): This started off as IPA's priority to regulate **mental health chatbots** but was broadened to include other **conversational AI services**. The bill adds stronger protections for minors for inappropriate content and restrictions from enticing them into a relationship with the AI. Conversational AI services are required to be programmed to detect and refer someone with suicidal ideations or expressions of self-harm, maintain conspicuous and persistent disclaimers that the service is not a human, and prohibit any conversational AI service from claiming to be (or representing itself as) a psychological or behavioral health service provider. While this is not criminalized, there are civil penalties and liability for actual damages. (*Signed, effective 7/1/2027*)

- [SF 2422](#): The One Big Beautiful Bill Act (OBBBA/HR 1) made a number of changes to **public assistance programs**, so this bill brings our state laws in line with that (but goes even further with a few waiver requests). HHS would need to verify eligibility for all Medicaid products, SNAP, childcare assistance, and FIP using the federal government's SAVE system. HHS will request a waiver to use other systems to help improve accuracy of the verification process. HHS will also ask for a waiver to claw back any unused SNAP funds in an EBT account after 91 days of inactivity. All Medicaid retroactive eligibility is eliminated, except two months allowed for pregnant women, children, and nursing home residents (currently they have three months and everyone else has two months). HHS is also prohibited from asking for a waiver to add retroactive eligibility back for others unless the Legislature okays that request. All Medicaid state plan amendments and waiver requests not currently in process would need to be expenditure neutral unless approved by the Legislature. While language locking the state into Medicaid managed care was removed, equally concerning language was included. HHS is prohibited from taking any actions without legislative approval that reduce the HMO taxes the MCOs pay. Getting rid of MCOs would reduce the HMO tax, so that in essence locks the state into managed care. Finally, HHS is required to submit an annual report showing any trends in exceptions to policies (geographic, demographic, type of service).
- [SF 2480](#): While this is a tobacco industry bill, it does put in place a five-cent **tax on vape and nicotine analog products**. The tax is expected to generate \$2-3 million annually. The bill also dedicates \$3 million/year (beginning July 1, 2027) for pediatric cancer research. The bill goes into effect January 1, 2027. Pediatric cancer research also got a \$3 million appropriation for next year in the budget (July 1, 2026-June 30, 2027).
- [SF 2472](#): The last-minute passage of **property tax reform package** is supposed to save Iowans \$4 billion on their property tax bills in the coming years. Most of those savings are in cost-avoidance, capping local government budget growth at 2% annually. Homeowners will get 10% exemption on their property's taxable value, replacing the current \$4,850 homestead credit. It also increases the elderly/disabled tax credit and rent reimbursement program. Legislators made changes in taxing multi-residential properties by increasing the taxes they pay by up to 6% more, which landlords say will likely boost monthly rental costs. There are also tax deductions for first time homebuyers, requirements that county assessors explain big increases in valuations, and new user-friendly tax notices to improve accountability.
- [SJR 11](#): Iowans will vote this November on a constitutional amendment to **require 2/3 vote for any new or increased income-based tax**. That requires 34 Senators and 67 Representatives for approval, limiting the state's options for revenue enhancements to user taxes and sales taxes (and a reminder that a sales tax increase is constitutionally protected for outdoor recreation and environmental programs).

## BUDGET OVERVIEW

The Legislature adopted a budget that spent more than expected revenues and relied on transfers from reserves and a temporary HMO tax to sustain services. While this helped avoid cuts in the short term, it may set the state up for a budget crisis in the coming years. That would be exacerbated by a limit on the types of revenue the state could raise.

| Fiscal Year    | Total Revenues         | Total Spending         |
|----------------|------------------------|------------------------|
| FY 2020        | \$7.848 billion        | \$7.644 billion        |
| FY 2021        | \$7.877 billion        | \$7.779 billion        |
| FY 2022        | \$8.386 billion        | \$8.119 billion        |
| FY 2023        | \$9.156 billion        | \$8.209 billion        |
| FY 2024        | \$9.65 billion         | \$8.517 billion        |
| FY 2025        | \$8.942 billion        | \$8.949 billion        |
| FY 2026        | \$8.103 billion        | \$9.496 billion        |
| <b>FY 2027</b> | <b>\$8.472 billion</b> | <b>\$9.640 billion</b> |
| <b>FY 2028</b> | <b>\$8.717 billion</b> |                        |

It is important to remember that education and HHS spending makes up **78%** of the state budget. When funding is tight, those two budgets take a larger hit. You can find final details on each budget bill [here](#) (just make sure you are looking at the files marked “final”). You can also go directly to the HHS budget review [here](#).

## BUDGET HIGHLIGHTS

- Community mental health centers will continue to receive 70% of the **community mental health block grant funds** through the end of the next federal fiscal year (9/30/27).
- \$1.2 million cut in **tobacco use prevention**, including Quitline, printed marketing materials, and STEP (students for tobacco education & prevention). HHS says they will switch funding to a federal grant but has not provided more detail.
- **Eliminates funding** for ACES survey (\$40,000), Center for Excellence in Behavioral Health (\$100,000), and Polk County Medical Society’s volunteer specialty provider network (\$225,000).

- HHS must **report on how behavioral health funds are used**, broken out by source and child/adult services (due 12/15/2026).
- Very limited list of **Medicaid rate increases**: ambulatory surgical centers (\$1.2 million); elderly waiver services (\$3 million); and special population nursing facilities (\$333,000). The **annual review of Medicaid provider rates** is codified, so it continues under a new Governor (benchmarked to Medicare).
- Accepts nearly all of HHS' **cost containment measures**: telehealth site of service differential (\$491,000), shifting behavioral health services to Medicare (\$308,000), lowest available price (\$2.2 million), speech therapy adjustments (\$1.2 million), 30-day readmission limits (\$1.1 million), facility/provider adjustments (\$5.4 million), and venipuncture therapy adjustments (\$602,000). *Reminder that these are state savings – federal match (currently just over 63% match).*
- \$150,000 savings by allowing **90-day refills**, and an additional \$25 million by moving **pharmacy management** from MCOs.
- HHS is directed to apply for a “**Institution for Medical Disease**” waiver, allowing for some MHI spending to be federally matched. This will help if HHS decides to move forward with providing subacute mental health services at Independence – either through contracts with private providers or through MHI staffing.
- Earmarks \$3 million in **opioid settlement funds** for Renewal Falls Recovery Center in Cedar Falls.
- Over four budget bills, HHS will receive **\$127.4 million to launch new IT systems** to manage Medicaid and child welfare system, determine and verify eligibility for public assistance, comply with OBBBA and state public assistance reforms, determine Medicaid waiver neutrality, and administer SNAP. HHS is prohibited from entering contracts (including multi-year) that obligate the state to more than \$5 million - and requires **IT infrastructure long-term plan & review (with focus on cloud-based solutions)**, with a report submitted to Legislature.
- No change (\$7,985,911) for **Health Care Professional Incentive Program**, which the Governor limited to 1/3 of Iowa's counties (most rural). A reminder, the Governor specifically exempted psychologists from this program, which will be something IPA will be advocating for with a new Governor.
- School-based teacher training to support **student mental health** is cut by \$1.5 million (\$1.9 million remaining). These funds were used by the AEAs to provide Mental Health First Aid, training on ACES, and training provided by the Crisis Prevention Institute. The Department of Education says they have centralized this function and provide it at less cost than the AEAs.
- For those that work in schools, the Department of Education will submit annual reports on the incidents of violence in schools, referrals to **therapeutic classrooms**, and antibullying programming and expenditures. A separate policy bill also allows for a rural/urban pilot to set up **separate schools for students with complex**

**behaviors** and students needing special education, but attendance at these must be voluntary in order to comply with federal IDEA requirements.

- **Child welfare providers** got a bump in rates - \$3.3 million for QRTP (qualified residential treatment providers) and \$1.6 million for shelter care. In addition, their rates will be rebased every two years.
- Dedicates \$1 million in sports wagering funds to **double up food bucks program** (to stretch SNAP purchases of fresh fruits and vegetables further).

## 2027 WATCH LIST

There were a number of bills that didn't make the cut this year. While bills need to start over and be reintroduced in 2027, we expect them to come back with renewed energy next year. These include:

- Opening door to conversion therapy, protecting parents from child abuse allegations.
- Citizenship checks for professional licensing.
- Psychological test disclosure (this year attack came from county attorneys).
- Legalizing psilocybin uses for PTSD and banning (or regulating) kratom.
- Increasing the tobacco tax, banning smoking in casinos, allowing smoking in cigar bars.
- Recommendations from studies for subacute services, technology in schools.

The state will have a new Governor in 2027, so many of the changes made this year limit what a new Governor will be able to do without legislative approval. Overturning the supermajority of Republicans in the Iowa House and Senate is unlikely, but narrower margins would help keep the fringe issues off the to-do list.

## Election 2026

### Iowa Senate 33 R | 17 D

25 seats on ballot (14 R, 11 D)  
5 Republicans retiring  
3 Democrats retiring  
11 races are unopposed (5 R, 6 D)

# 25

At least 25 new  
lawmakers out of  
the 150 serving

### Iowa House 67 R | 33 D

All 100 seats on ballot  
7 Republicans retiring  
10 Democrats retiring  
43 races are unopposed (17 R, 24 D)  
3 running for Senate (1 R, 2 Ds)