



Healthcare Weekly Newsletter

Friday, February 25, 2022

Week in Review

This week saw a lot of floor debate in both chambers after the funnel last week. Many bills were voted on and moved to the other chamber for consideration. Floor debate will continue as the session progresses and committee meetings will pick back up as the chambers consider the bills approved by the other chamber as we approach the second funnel on March 18 where bills have to make it out of both chambers to stay alive.

This week, it was announced that Governor Kim Reynolds will deliver the Republican response to President Biden's State of the Union Address on Tuesday, March 1. The speech will be President Biden's first State of the Union address since he was elected. Reynolds will join a handful of other governors who have been chosen by their parties in recent years to deliver the official rebuttal to the State of the Union address. In 2020, Michigan Governor Gretchen Whitmer delivered the Democrats' response to then-President Donald Trump's State of the Union speech, and in 2016, then-South Carolina Governor Nikki Haley delivered the GOP's rebuttal to then-President Barack Obama's final State of the Union.

Tax Reform

This week, the Legislature reached an agreement on tax reform. [House File 2317](#) as amended by S-5022 (strike after amendment), is a compromise between the Governor's, Senate, and House tax reform proposals. The bill passed 32-16 in the Senate and 61-34 in the House. It will now go to the Governor for her signature. The replacement of the Local Option Sales Tax to a Statewide Local Option was removed as was the Iowa Water Land Legacy provisions in the Senate version due to the speed of the negotiations. The Senate has suggested these provisions are still of interest and may be introduced in a second package later this session. A fiscal note of the bill can be read [here](#). Highlights of the bill are below:

Division I: Stock Capital Gains and Income Tax Exemption

- Exempts capital gains earned through the sale or exchange of capital stock in a qualified corporation.
- The change is effective beginning with calendar year (CY) 2023, and 33.0% of any qualified capital gains will be exempt for that year while 66.0% will be exempt for CY 2024. Beginning with CY 2025, qualified sales will be fully exempt from Iowa individual income tax.

Division II: Farm Lease Income Tax Exemption

- Exempts total net income received by a retired farmer pursuant to a farm tenancy agreement covering real property if the retired farmer held the property for 10 years or more and materially participated in a farming business for 10 years or more.
- The exemption is effective beginning January 1, 2023.

Division III: Farm Capital Gains Tax Exemption

- Modifies the farm capital gains income exemption, which is available beginning tax year (TY) 2023 on the sale of real property used in a farming business and the sale of cattle, horses, and breeding livestock.

Divisions IV, V, and VI: Income Tax Rate Reductions and Retirement Income Tax Exemption

- Reduces Iowa individual income tax rates annually for TY 2023 through TY 2025 and establishes a single tax bracket/rate for TY 2026 and after.
- Reduces the top tax rate to 6.00% for TY 2023, 5.70% for TY 2024, 4.82% for TY 2025, and 3.90% for TY 2026 and after.

Division VII: Research Activities and Tax Credit Changes

- Requires the use of the alternative simplified method of credit calculation for State purposes if that method was used by the applicant for the federal tax credit.
- Disallows supplies and computer use expenses from being claimed as qualifying expenses as part of the credit calculation.
- Reduces tax credit refundability by ten percentage points each tax year through TY 2023. The first reduction would occur in TY 2023. This process will result in tax credit refundability equal to 50.0% for TY 2027 and after.

Division VIII: Other Tax Credit Changes

- High-Quality Jobs Tax Credit — Requires the Economic Development Authority to prioritize the Research Activities Tax Credit.
- Geothermal Heat Pump Tax Credit — Prohibits the issuance of new awards after December 31, 2022.
- Endow Iowa Tax Credit — Reduces the maximum tax credit dollar amount a single taxpayer may receive in a year, which will end up generating an additional 1.3 million to be allocated.
- Tax Credit Refundability — The Bill reduces the refundability (tax credits amounts in excess of taxpayer liability that are refunded to the taxpayer), which will result in a tax credit refundability of 75.0% for TY 2027 and after. For the R&D tax credit, it phases in a roll-back to 50% refundability.
 - The tax credits included are:
 - Assistive Device Tax Credit
 - Historic Preservation Tax Credit
 - Redevelopment Tax Credit
 - Research Activities Tax Credit (supplemental, included in Division VII)

Divisions IX and X — Corporate Income Tax Rate Reduction

- Creates a process designed to reduce Iowa corporate income tax rates over a number of years. The process involves comparing the amount of net corporate income tax (gross corporate income tax receipts minus corporate income tax refunds issued) the State receives in a fiscal year to a base amount of \$700.0 million. The process begins at the conclusion of FY 2022 and could first lower corporate income tax rates for TY 2023.
- If net corporate income tax received in a fiscal year exceeds \$700.0 million, the Department is directed to calculate what top tax rate would have generated \$700.0 million in the fiscal year that just concluded. The result of the calculation will yield a percentage by which the top tax rate for the upcoming tax year shall be lowered.
- This calculation will take place at the conclusion of each fiscal year until the Iowa corporate income tax rate is lowered to a single rate of 5.50%.

Division XI: Tax Expenditure Committee Repeal

- This Division repeals the Legislative Tax Expenditure Committee of the Legislative Council. The duty to submit tax expenditure reports to the Council is transferred from the Committee to the various departments that are responsible for oversight of the tax expenditures.

Division XII: Taxpayer Relief Fund Transfers

- Creates a procedure to automatically transfer all or a portion of the balance in the Taxpayer Relief Fund to the State General Fund if both of the following conditions are met:
 - The actual ending balance of the State General Fund is less than 1.0% of the adjusted revenue estimate for the fiscal year.
 - State General Fund revenues plus the transfer to the State General Fund from the Economic Emergency Fund as authorized in Iowa Code section 8.55(2)(b) for the fiscal year is less than 103.5% of State General Fund actual receipts for the previous fiscal year.
- If both requirements are met, the amount transferred for a fiscal year is limited to the smaller of the following three calculated amounts:
 - An amount sufficient to make the total of State General Fund revenues, plus any transfer from the Economic Emergency Fund, plus the transfer from the Taxpayer Relief Fund equal to but not more than 103.5% of the amount of State General Fund revenues for the previous fiscal year.
 - An amount sufficient to make the ending balance for the fiscal year equal to but not more than 1.0% of the adjusted revenue estimate for the fiscal year.
 - The balance of the Taxpayer Relief Fund.

Fiscal

Impact

The Bill as amended by S-5022, is projected to reduce individual income tax liability and State General Fund revenue by the amounts shown below.

Projected Change in Tax Liability and State General Fund Revenue		In Millions					
Division	Item	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
I	Qualified Stock Exemption	\$ 0.0	\$ -4.0	\$ -7.6	\$ -10.3	\$ -9.0	\$ -9.5
II	Farm Lease Income Exemption	0.0	-2.1	-2.0	-1.8	-1.5	-1.6
III	Farm Capital Gains Exemption	0.0	-7.2	-6.9	-6.1	-5.4	-5.7
IV and V	Tax Rate Reduction	-37.3	-135.7	-352.1	-948.2	-1,397.1	-1,413.4
VI	Retirement Income Exemption	-179.6	-353.3	-340.6	-359.8	-363.9	-376.4
IV, V, and VI	Rate Reduction and Exemption Interaction *	0.2	7.0	25.9	80.6	109.8	99.5
	Individual Income Tax Total	\$ -216.7	\$ -495.3	\$ -683.3	\$ -1,245.6	\$ -1,667.1	\$ -1,707.1
IX and X	Corporate Income Tax Rate Reduction	\$ -19.6	\$ -79.6	\$ -109.8	\$ -135.3	\$ -182.1	\$ -229.4
VII	Research Activities Tax Credit	\$ 0.0	\$ 13.1	\$ 23.7	\$ 30.0	\$ 36.6	\$ 44.8
VIII	Assistive Device Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0
VIII	Historic Preservation Tax Credit	0.0	0.3	1.2	2.3	3.3	4.4
VIII	Redevelopment Tax Credit	0.0	0.0	0.0	0.0	0.0	0.1
VII	Research Activities Tax Credit (Supplemental)	0.0	0.0	0.0	0.1	0.1	0.2
VIII	Third-Party Developer Tax Credit	0.0	0.1	0.1	0.1	0.2	0.2
	Tax Credits Total	\$ 0.0	\$ 13.5	\$ 25.0	\$ 32.5	\$ 40.2	\$ 49.7
	Total Projected Change Compared to Current Law	\$ -236.3	\$ -561.4	\$ -768.1	\$ -1,348.4	\$ -1,809.0	\$ -1,886.8

* The tax reduction and retirement income components were estimated separately and in combination. This table presents the fiscal impacts separately, and the final line of the table adjusts for the interaction of the two tax reductions.

Bills On The Move

[HF 2291](#) - Midwife Licenses

- Requires practicing midwives to hold a license as of July 2023. Makes exemptions for health care professionals, for Native Americans or Mennonite or Amish communities with traditional services and for others due to religious tenets, and in emergencies. Establishes requirements, including proof of training. Establishes a board. Limits the liability of health care providers who accept transfers of patients from midwives.
- The State Government Committee has approved the bill and it has been referred to the Ways & Means Committee. The bill does not have a Senate companion and will be subject to the second funnel unless it is made into a Ways & Means bill.
- [Fiscal Note](#): The start-up cost to the DPH is expected to be about \$216,000, and about \$122,000 for every two-year licensing cycle. There are around certified nurse 140 midwives, so licensing fees would need to be set at about \$440.

[HF 2171](#) - Nursing Home Rates

- Authorizes the DHS to release nursing facility rates prior to receiving federal approval and to retroactively adjust rates as needed.
- The House PASSED the bill 95-0; it now GOES to the Senate

[HF 2172](#) - Health Care Facility Violations

- Updates rule citations for self-reported violations by health care facilities.
- The House PASSED the bill 95-0; it now goes to the Senate

[HF 2371](#) - Health Worker Employment Agencies

- Requires health care employment agencies to register with the DIA. Establishes fees and defines such agencies. Requires the agency to make employees comply with the requirements and qualifications for health care workers. Prohibits non-compete clauses. Requires reports to the DIA. Allows a denial of registration for a failure to meet the requirements.
- PASSED 25-0
- Floor Manager: Osmundson

[HF 2529](#) - Psychiatric Residences (Human Resources; Successor to HF 2157)

- Requires the UI Hospitals and Clinics to administer a psychiatric residency program at the Cherokee and Independence MHIs and at the Oakdale Classification Center. Establishes the program with 12 positions and gives preferences to lowans who attended college or medical school in Iowa. Establishes a fund for the program. Appropriates \$1.2 million (FY 2024); \$2.4 million (FY 2025); \$3.6 million (FY 2026); \$4.8 million (FY 2027 and later).
- Passed full committee this week and was renumbered
- Floor Manager: A. Meyer

[HF 2399](#) - **Prior Authorization**

- Prohibits a Utilization Review Committee from limiting or revoking a prior authorization after the health care service has been provided. Requires the provider to be reimbursed at the contracted rate. Makes the prior authorization good for at least 90 days. Includes exceptions if the provider or covered person has committed fraud.
- Amendment: H 8080 by Andrews - Adds an exclusion for prescription drugs. Adds additional exceptions including inaccurate information/failure of timely submission from the provider, that the patient/service was not covered or that the provider no longer had a contract, or that the carrier is not liable for the service. ADOPTED.
- Amendment: H 8062 by Nielsen - WITHDRAWN
- The House PASSED the bill as amended 97-0; it now goes to the Senate.

Upcoming Legislative Forums

Friday, February 25, 2022

- [Legislative Forum-Lenox](#)
- [Town Hall-Plainfield](#)
- [Town Hall-Waverly](#)
- [Town Hall-Janesville](#)
- [Capitol Chat](#) - Virtual, register [here](#).
- [Town Hall-Denver](#)
- [Legislative Roundtable-Council Bluffs](#)
- [Legislative Forum-Black Hawk/Bremer Counties](#)

Saturday, February 26, 2022

- [Legislative Forum-Shenandoah](#)
 - [Eggs & Issues-Rock Rapids](#)
 - [Eggs & Issues-Fort Dodge](#)
 - [Eggs & Issues-Oskaloosa](#)
 - [Legislative Coffee-Clinton](#)
 - [Legislative Forum-Johnson County](#)
 - [Legislative Briefing-Clarinda](#)
 - [Legislative Town Hall-Sioux City](#)
 - [February Talk with Officials-Ubrandale](#)
 - [Legislative Coffee-Clinton County](#)
 - [Legislative Forum-Mount Ayr](#)
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In The News

- [Dicks announces campaign in new Iowa House District 46](#)
 - [KCRG: Iowa City mental health services center helps more than 1,000 people in first year](#)
 - [Welfare reform, tax cuts advancing in legislature](#)
 - [Jackson to lead new health equity division for Wellmark](#)
 - [Bankrupt nursing home faces new fines for staffing, vermin and injuries](#)
 - [Opinion: Let Iowa dentists help more Medicaid recipients by increasing rates](#)
 - [Democrat Elle Wyant is Running for Iowa House District 91](#)
 - [DMR: Iowa Gov. Kim Reynolds will deliver Republicans' State of the Union response](#)
 - [IA Cap Dispatch: Iowa budget: Lawmakers propose additional funding for Glenwood, plan for tax cuts](#)
 - ['Stop making this about money' | Quad Cities mom speaks out against proposed Iowa bill that would cap malpractice suits](#)
 - [Iowa Republicans pass major income tax reform](#)
 - [Iowa legislature sends 3.9% flat income tax to governor's desk](#)
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Senate Schedule Week 8, February 28 - March 4, 2022

IOWA SENATE - Schedule for Week 8, February 28-March 4, 2022

Subject to Change

Monday, February 28	Tuesday, March 1	Wednesday, March 2	Thursday, March 3	Friday, March 4
	9:00 SESSION 10:00 Local Govt. RM 116 10:30 Agriculture RM 116 11:00 Judiciary RM 116	9:00 SESSION 10:00 Commerce RM 116 11:00 Ways and Means RM 116	9:00 SESSION 10:00 State Govt. Room 116	
Noon	Noon	Noon	Noon	Noon
1:00 SESSION Upon Adjournment Appropriations RM 116	1:00 Nd. Resources RM 116 1:30 Hmn. Res. RM 116 2:00 Labor/Bus. RM 116 2:30 Education RM 116 3:00 Veterans Affairs RM 116 3:30 Transportation RM 116			All committees on call

House Schedule Week 8, February 28 - March 4, 2022

House of Representatives Schedule for Week 8, February 28 - 4, 2022
Prepared in the Office of House Speaker Pat Grassley

Monday, February 28	Tuesday, March 1	Wednesday, March 2	Thursday, March 3	Friday, March 4
	7:30 Subcommittee Block 8:30 SESSION 9:00 Budget Subs Justice Rm 19 Admin/Reg Rm 304 10:00 Ways and Means RM 102, Sup. Ct. Consult Appropriations RM 103, Sup. Ct. Chamber 11:00 Education RM 102, Sup. Ct. Consult Commerce RM 103, Sup. Ct. Chamber	7:30 Subcommittee Block 8:30 SESSION	7:30 Subcommittee Block 8:30 SESSION 9:00 Natural Resources RM 19 Labor RM 102, Sup. Ct. Consult Judiciary RM 103, Sup. Ct. Chamber 10:00 Ways and Means RM 102, Sup. Ct. Consult Appropriations RM 103, Sup. Ct. Chamber 11:00 Government Oversight RM 103, Sup. Ct. Chamber	
Noon	Noon	Noon	Noon	Noon
12:00 Subcommittee Block 1:00 SESSION	12:00 Subcommittee Block 1:00 Local Government RM 19 Agriculture RM 102, Sup. Ct. Consult 2:00 Transportation RM 103, Sup. Ct. Chamber Info Tech RM 304 3:00 Public Safety RM 19 Economic Growth RM 102, Sup. Ct. Consult State Government RM 103, Sup. Ct. Chamber 4:00 Administration and Rules RM 103, Sup. Ct. Chamber	5:00 Subcommittee Block		On Call: All Committees and Budget Subcommittees

*The Senate scheduled can be found [here](#).
 The House schedule can be found [here](#).*

The Iowa Cornerstone Team



Matt Hinch | Lillie Brady | David Adelman | Frank Chiodo | Sara Allen

2022 Session Timeline

The full 2022 legislative calendar can be found [here](#).
Below are the key dates of interest.

JANUARY 10 – First day of session (Iowa Code Sec. 2.1)

JANUARY 11 - Governors Condition of the State Address

FEBRUARY 18 – Final date for Senate bills and joint resolutions to be reported out of Senate committees and House bills and joint resolutions out of House committees (First Funnel)

MARCH 18 – Final date for Senate bills and joint resolutions to be reported out of House committees and House bills and joint resolutions out of Senate committees (Second Funnel)

APRIL 19 – 100th calendar day of the session (Per diem expenses end)

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*Please don't hesitate to reach out
to our team with any comments,
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