



# Legislative Update

## The 2018 Iowa Legislative Session Review

### 2018 Iowa Legislature Highlights

Last year's legislative session, the Senate and House Republicans and Governor Branstad "kicked the door in" together. They first cut state spending in the middle of the fiscal year, reformed collective bargaining, made many long-awaited changes to the Iowa Code and adjourned their partisan catharsis (basically) on time. But 2018 was different.

This year's session was almost equally historic, but the partisan unity that made 2017 go so smoothly was gone as Republicans began to feud. The first bill to pass was SF 512 (Water Quality), a bill that came to symbolize how the legislative Republicans interacted with each other: one chamber—in this case, the House—disliked the bill and the other, the Senate, insisted it be done. And insisted it be done their way. The same script, often with roles reversed, played out for other bills: fetal heartbeat abortion ban, utility legislation, traffic cameras, tax reform and a slew of others.

Squabbling over details made some bills proceed on an agonizingly slow pace and raised tempers. The budget for the coming fiscal year was, once again, a challenge. Tax reform, itself a complicated topic, drew input from probably every Republican legislator and the governor. Bills sponsored in one chamber were frequently amended in the other, often to the chagrin of the bill sponsors. By session's end, House and Senate Republicans collectively had a "chilly" relationship.

With Republicans considering complex and controversial issues well outside of their political honeymoon (and with the abrupt resignation of former Senate Majority Leader Bill Dix), the session dragged on well past the date most expected it to end. Nevertheless, the Legislature adjourned May 5 and passed 176 bills compared to the 174 it passed in 2017.<sup>1</sup> Some of the most high-profile bills are summarized directly below, and the bills most pertinent to you are summarized further down.

### **MAJOR PIECES OF LEGISLATION THAT WILL BE REMEMBERED FROM THIS SESSION INCLUDE:**

#### **Tax Reform (signed into law):**

With Republicans in the majority, they wanted to focus on tax reform. These cuts are largely possible, because of tax cuts at the federal level, which trigger changes in the state level.

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<sup>1</sup> Exactly 1,000 bills were introduced in the 2018 Legislative Session.

Republicans uniformly supported this bill, seeing it as a follow-through on campaign promises, as well as being backed up by projected revenue growth. Democrats felt that the cuts were not gradual enough, nor were they realistic given recent history. They also criticized the bill for broadening the scope of sales taxes to more online transactions while providing lower-income Iowans with relatively modest income tax relief—a combination, they claim, that could easily increase the tax burden of lower-income Iowans.

Last year, state programs and services spending were cut by \$35.5 million, under SF 2117, a deappropriations bill. This affected a number of programs, but state universities had the deepest cuts made. One of the critiques of the tax reform is that so many cuts were necessary from previous billing years, that making tax cuts would not be in the best interest of the long-term budget.

**Water Quality (signed into law):**

The first bill signed into law this session was [SF 512](#), a water quality bill that provides funding for water quality initiatives. Over the next 12 years, there is an estimated \$282 million going into water quality initiatives. This funding will be used to support conservation infrastructure across Iowa. The funding will come from the existing metered drinking water tax and gambling tax revenue.

Last session, despite a lot of discussion around water quality issues, nothing was signed into law. The momentum from last year continued, which pushed it through the House, ending legislative gridlock on the issue. The House floor manager on the bill, Rep. John Wills said, “This is just the beginning, not the end.”

**Fetal Heartbeat (signed into law):**

The Governor signed [SF 359](#) into law on Friday, May 4, making it illegal to get an abortion after a fetal heartbeat has been detected, except for cases of medical emergency, fetal abnormalities, or in the case of rape or incest.

Supporters of the bill saw it as a major win for the pro-life movement, which advocates for life at the point of conception. Advocates included religious interest groups and legislators. Those in opposition expressed that banning abortions would not stop people from obtaining abortions but would stop safe abortions. Planned Parenthood and the ACLU have said that they would challenge the constitutionality of the bill in court. If this law is challenged in court, it has the potential to go to the Supreme Court and overturn *Roe v. Wade*, landmark legislation that ruled in favor of a woman’s right to obtain an abortion.

The bill passed almost entirely on party lines: only six Republicans joined all Democrats in voting “no”. The bill was indicative of the session, as Republicans took the opportunity to pass party legislative priorities during this session, when they had majority in both chambers and the Governor. As of this writing, an Iowa judge blocked the law from taking effect.

**Future Ready Iowa (signed into law):**

Future Ready Iowa was one of Governor Reynolds’ legislative priorities for the 2018 session. [HF 2458](#), which she signed into law in March, creates a workforce development program. This bill received bipartisan support, as supporters felt it would address the workforce skills gap that is present in Iowa. Through education measures, the legislature hopes to address that gap so that more Iowans can find employment and support their families.

Funding was received for this program through the Education Appropriations bill which allocated over \$15,000,000 to workforce training programs. Those that were opposed to the bill had previously expressed concerns that not enough money would be appropriated to Future Ready Iowa initiatives to create effective programs. The appropriations fall short of what skeptics felt would be necessary to

appropriately fund the program. Supporters are looking forward to the impacts that this legislation has, as it has the potential to have high economic impact.

Gov. Reynolds said, “This bill changes lives by helping Iowans earn credentials that prepare them for rewarding careers in advanced manufacturing, computer science, finance, health care and many other fields. This bill also helps employers hire the skilled workers they need to grow, which means Iowa communities will be even more prosperous.”

**Energy (signed into law):**

The Legislature passed [SF 2311](#), which cut funding to energy efficiency programs that are financed by utility customers. Included in the bill are provisions to help extend natural gas to under-served communities. This is consistent with a growing conversation in Iowa politics about the rural and urban divide in provided services. A desired result of the bill is for more transparency to customers from utilities companies.

Those opposed to the bill felt that this would raise utility bills for Iowa consumers, as well as put jobs at stake with the loss of funding for energy efficiency programs. Democrats were generally opposed to the bill, while Republicans generally supported it.

**Mental Health (signed into law):**

During her Condition of the State address at the session’s start, Governor Reynolds requested legislation that would help to fill gaps in Iowa’s mental health system.

On Thursday, March 29<sup>th</sup> Reynolds signed into law [House File 2456](#), which is a comprehensive mental health bill, intended to modernize the current system through measures including suicide prevention training for school employees, access centers, assertive community treatment teams, comprehensive crisis services, and intensive residential service homes. These initiatives made into law came from the Complex Service Needs Workgroup, which will continue to investigate and make recommendations to the mental health system in Iowa.

Gov. Reynolds said, “This legislation was pushed over the finish line by individuals and families who knew firsthand the importance of having a robust mental health system and the pain caused when services they or a loved one needed weren’t there. I know we can do better, and with this legislation, we will do better!”

The HHS Appropriations bill, [HF 2501](#), established authorization for mental health and disability services regionalization and added in mental health definitions.

**Traffic Cameras (no major initiative became law):**

Another carry over bill from last year that caused heartburn between the two Republican-led chambers concerned traffic cameras. The Senate passed a bill banning the cameras somewhat early in the session, but the House amended the bill to set up more state regulations and allow cameras to operate. It was a contentious and, most of all, politically complicated topic. Republicans favoring a ban found support with liberal Democrats who oppose cameras because of their automatic, regressive penalties. Other Republicans joined Democrats who supported cities’ efforts to curb speeding and improve public safety. The House GOP, in an unusual move, allowed members to simply “vote their districts” and ended up with the “regulation bill”.

By session’s end, the Senate Republicans—lead on this issue by Sen. Brad Zaun—couldn’t find a compromise with the House. That leaves the issue for next session, when it undoubtedly will arise again.

An Iowa Supreme Court ruling came shortly after session's adjournment that removed DOT restrictions on the cameras, allowing them to operate again after months-long period of dormancy.

## **New Laws that Affect Your Organization**

### **Health & Human Services Budget – [SF 2418](#)**

Health & Human Services 2018 Appropriations, provided funding to Departments of Aging, Public Health, Veterans Affairs and other programs. The final bill provides the following appropriations and policy provisions of interest to your organization:

- Policy language instructing the DHS to review Medicaid fee schedules and submit a report to the governor and general assembly by January 15, 2019.
- Policy language establishing the Medicaid Program Administration including processes and procedures for providers and members.
- Policy language establishing that the executive committee of the Medicaid Assistance Advisory Council will assess and analyze information related to Medicaid managed care that will result in a report first to the rest of the Council, and then to the governor and general assembly.

### **Education Budget – [SF 2415](#)**

This bill appropriates funds from the General Fund for Education to the College Student Aid Commission, the DOE, the DOB, the Regent schools and the community colleges. The following appropriations are of interest to your organization:

- Health Care Loan Repayment Program for Nurses, ARNPs, PAs, and Nurse Educators
  - Establishes the loan repayment amounts (not exceeding \$6,000 or 20% of total qualified loans) and funds for professional development programs.

### **Telehealth Payments – [HF 2305](#) – For**

The bill requires health insurance to cover telehealth services and requires those services to meet generally accepted standards. It applies to health insurance contracts delivered after July 2018.

### **Future Ready Iowa – [HF 2458](#) – For**

The bill establishes the Future Ready Iowa Registered Apprenticeship Development Program, requires the Economic Development Authority to give financial assistance to help small and medium sized businesses with apprenticeships, establishes a volunteer mentoring program to help implement Future Ready programs, requires the state Workforce Development Board to report annually on high demand jobs (and includes provisions to allow community colleges to add five regional high-demand jobs), establishes the Iowa Employer Innovation Fund and establishes the Future Ready Skilled Workforce Last-Dollar Scholarships. The language outlined in the bill is inclusive of OTAs as long as they remain in the high demand, high growth category.

### **Licensing Behavioral Analysts – [SF 192](#) – Undecided**

The bill establishes licensing provisions for behavioral analysts and assistant behavioral analysts. It includes provisions on board membership, on education requirements and exceptions and becomes effective July 2018.

### **Physical Therapy Compact – [HF 2425](#) – Undecided**

The bill adopts the interstate Physical Therapy Licensure Compact, which allows the state to obtain information on applicants.

### **Direct Care Agreements – [HF 2356](#) – Undecided**

The bill allows the opportunity to provide primary care directly from provider to an individual, where the individual pays a monthly membership fee directly to the provider. It requires primary care agreements to be in writing and to describe the scope of services, locations for services, and other matters. It prohibits a provider from billing an insurer for services delivered under a direct primary care agreement but allows providers to receive third-party payments.

**Career & Technical Programs – [HF 648](#) – For**

This bill would have restored a deleted reference to the Career and Technical Education Opportunities and Partnerships, deemed certain income received by schools under the Career & Technical education planning as miscellaneous income, and allowed a partnership to purchase certain consumable school supplies.

## Bills that Failed to Pass

**In-Demand Career Assistance – [SF 2348](#) – For**

This bill would have established an income tax credit for high-demand jobs for students that enroll in training at community colleges.

**Several Bill Relating to Medicaid Managed Care:**

- **DHS Programs – [HF 2462/HF 2483](#) – Undecided**  
This bill would have made changes to DHS programs, including HAWK-I, on reports of persons committed to public institutions, on setting the Medicaid co-payment for prescriptions at \$1, and on reports by the Medicaid Advisory Council on managed care. It would have also included several MCO provisions – requiring MCOs to pay providers in a timely manner and including provisions on timely payments, payment errors, standardized forms, appeals on care, member eligibility notification and other matters. It also would have required DHS to hire an outside auditor to review small payments with the authority to make corrections for overpayments and denied payments.
- **Medicaid Integrated Care – [SF 2284](#) – Undecided**  
This bill would have required DHS to amend MCO contracts to require that integrated health care services be delivered according to the state plan for such services.
- **Long Term Care Services – [SF 2013/SF 2032/SF 2058](#) – For**  
This bill would have required DHS to terminate contracts with the MCOs for long-term care services and transition to a fee-for-service administration.
- **Public Health Insurance Option – [HF 2002/SF 2035](#) – Undecided**  
This bill would have established a public option for a Medicaid buy-in for Iowans. (SF 2112 – HAWK-I Public Option – would have established an option for people to purchase into HAWK-I for their children, if the family is otherwise eligible except for income.)
- **Medicaid Payments – [HF 2292/SF 2259](#) – Undecided**  
This bill would have required DHS to amend MCO contracts in regard to process, billing and oversight.
- **Integrated Health Homes – [SF 2207/HF 2142/SF 2055](#) – Undecided**  
This bill would have required DHS to amend MCO contracts to require MCOs to have integrated health care homes for persons with serious and persistent mental illness or for two or more chronic conditions.
- **Uniform Billing – [SF 2119/SF 2120](#) – For**  
This bill would have required DHS, MCOs and Medicaid to develop uniform billing and prior authorization forms.
- **Retroactive Coverage – [SF 2075](#) – For**  
This bill would have struck the 2017 repeal of the three-month retroactive Medicaid coverage

- **Medicaid Assessment Appeals – [SF 2140](#) – For**  
This bill would have required DHS to amend MCO contracts to have an appeals process related to assessment of members that use the supports intensity scale, for members who disagree with the results of the assessment.

**Medical Waiver & Variances – [HF 2415](#) – Undecided**

This bill would have required board of medical professions (other than the boards of Medicine, Nursing, Pharmacy and Dental) to post information on waivers and variances granted over the internet.

**DPH Elimination – [HF 2017](#) – Undecided**

This bill would have eliminated the Iowa Department of Public Health and transferred duties to the Departments of Human Services and Public Safety.

**Designated Caregivers – [HF 2434/SSB 3123](#) – Undecided**

This bill would have required hospitals to give patients, or the legal guardian, an opportunity to designate a caregiver for times when the patient is unconscious or otherwise incapacitated and would have required the hospitals to give the caregiver information on patient’s discharge or transfer, and aftercare instructions.

**Sales Tax on Textbooks – [HF 2486](#) – Undecided**

This bill would have exempted textbooks and course related instructional materials required for courses at a postsecondary institutions, if the profits are used for nonprofit entities.

**Dates to Note**

- Immediately: Schedule 2019 legislative reception or lobby day
- June 15, 2018: Schedule meeting with Advocacy Strategies to discuss 2018 Session Debrief and/or 2019 Agenda Planning
- July 30, 2018: File or request AS to file your organization’s 2018 General Assembly Client Report
- August 1, 2018: Finalize your 2019 legislative agenda
- August 15, 2018: Begin outreach with legislators and candidates on your 2019 legislative agenda
- November 6, 2018: Midterm Election – VOTE!
- November 7, 2018: Submit bill requests and start communication with legislative leaders on 2019 Agenda items
- January 14, 2019: First day of the 2019 Legislative Session
- May 3, 2019: 110<sup>th</sup> Day/Per Diem Runs out

**As always, it was an extreme pleasure to work with you this session. The Advocacy Strategies Team works very hard to keep your interests in mind during the legislative session. As we transition to the interim, that remains the same. Team members will be contacting you in the future to discuss legislative priorities for the 2019 session, and an interim strategy for advancing those agenda items when the legislature reconvenes in January.**

**From all of us at Advocacy Strategies, thank you for choosing to work with us! We look forward to a successful session next year and working with you in the months to come.**

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